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Notice Regarding Measures against the Novel Coronavirus Infectious Disease (COVID-19)

To prevent the spread of COVID-19, we would like to ask our shareholders to exercise their voting rights in advance in writing or via the Internet where possible.

Please also take note of the following and refer to the notice within the back cover:

- As the number of seats are limited at the venue to ensure enough space between each attendee, you may be denied entry.
- Any significant operational changes in the Meeting including its date, time or venue in response to changes in the status of COVID-19, etc. will be posted on the Company's website (please see page 4).

(Securities Identification Code: 9532)

Notice of 204th Annual Meeting of Shareholders

To Our Shareholders:



I would like to express my deepest gratitude to our shareholders for your consistent support to the Daigas Group's business operations.

The Daigas Group ("the Group") aims to be an innovative and preferred energy & service company throughout the ages in line with our 2030 Long-term Management Vision. In addition, in accordance with our Carbon Neutral Vision and Medium-term Management Plan 2023, we will strive to co-create "value for a sustainable future" with our stakeholders by pursuing the creation of value that contributes to solving social issues, with the aim of achieving a sustainable society, including realizing a low carbon/carbon neutral society and enhancing resilience of society.

In April 2022, Osaka Gas Network Co., Ltd. ("Osaka Gas Network") started operation following the legal separation of our gas pipeline division. The Group, including Osaka Gas Network, continues to ensure a stable supply of energy as one group. Furthermore, amid a drastically changing business environment, the Group will continue to work to actively and steadily proceed with our business operations.

Your continued support would be greatly appreciated.

May 2022

Masataka Fujiwara
President

Table of Contents

Notice of Convocation	3
Reference Documents for the Shareholders Meeting	7
Proposal 1: Appropriation of Earnings	7
Proposal 2: Partial Amendments to the Articles of Incorporation (Business Purpose, System for Electronic Provision of Materials for Shareholders' Meetings, etc.)	8
Proposal 3: Partial Amendments to the Articles of Incorporation (Organizational Body to Determine Surplus Distributions)	12
Proposal 4: Election of Ten (10) Directors	13
Proposal 5: Election of One (1) Audit & Supervisory Board Member	25
Business Report	
I. Current Situation of the Business Group	30
II. Officers	45
III. Shares	55
IV. Accounting Auditor	56
V. Systems to Ensure the Properness of Operations	57
Consolidated Financial Statements	
Consolidated Balance Sheet	62
Consolidated Statement of Income	63
Non-Consolidated Financial Statements	
Non-Consolidated Balance Sheet	64
Non-Consolidated Statement of Income	65
Audit Reports	
Accounting Auditor's Report on the Consolidated Financial Statements	66
Accounting Auditor's Report on the Non-Consolidated Financial Statements	69
Audit Report by the Audit & Supervisory Board	72
(References)	
Sustainability Initiatives	74
Shareholder Message Board	75

(Securities Identification Code: 9532)

May 31, 2022

To Shareholders

Masataka Fujiwara, President
OSAKA GAS CO., LTD.
4-1-2 Hiranomachi, Chuo-ku
Osaka, Japan

Notice of Convocation of 204th Annual Meeting of Shareholders

Dear Sir or Madam,

We would like to inform you of the 204th Annual Meeting of Shareholders (the “Meeting”) of OSAKA GAS CO., LTD. (the “Company”) to be held as below.

As detailed on pages 5-6 below, you may exercise your voting rights in writing or electronically such as through the Internet. In either case, please read the attached reference documents for the shareholders meeting and cast your vote no later than 4 p.m. on Monday, June 27, 2022.

Yours faithfully

Details:

1. Date and time: Tuesday, June 28, 2022, 10:00 a.m.
2. Place: OSAKA GAS CO., LTD., Head Office
4-1-2 Hiranomachi, Chuo-ku, Osaka, Japan
3. Agenda:

Report: Business report, consolidated financial statements, non-consolidated financial statements, report of the accounting auditor and Audit & Supervisory Board’s report on consolidated financial statements for the 204th term (year from April 1, 2021 to March 31, 2022)

- Proposals:**
- Proposal 1:** Appropriation of Earnings
 - Proposal 2:** Partial Amendments to the Articles of Incorporation (Business Purpose, System for Electronic Provision of Materials for Shareholders’ Meetings, etc.)
 - Proposal 3:** Partial Amendments to the Articles of Incorporation (Organizational Body to Determine Surplus Distributions)
 - Proposal 4:** Election of Ten (10) Directors
 - Proposal 5:** Election of One (1) Audit & Supervisory Board Member

4. Documents to be provided with this notice of convocation:

- (1) From among the information to be provided with this notice of convocation, the consolidated statement of changes in equity and notes to consolidated financial statements, non-consolidated statement of changes in equity and notes to non-consolidated financial statements are provided separately at the Company's website (<https://www.osakagas.co.jp/company/ir/stock/inform/index.html>) in accordance with the laws and regulations and the Company's Articles of Incorporation.

The consolidated financial statements and non-consolidated financial statements audited by the accounting auditor and the Audit & Supervisory Board Members are the documents provided with this notice of convocation and the documents provided separately at the abovementioned website.

- (2) In the event that the reference documents for the shareholders meeting, the business report, the consolidated financial statements and/or the non-consolidated financial statements need to be amended between now and the day immediately prior to the Meeting, the amended item will be provided to shareholders in writing by mail or on the aforementioned Company's website.

5. Matters in connection with this convocation (Matters concerning the exercise of voting rights):

- (1) If you do not specify in the voting form whether you are for or against a proposal, you shall be deemed to have voted for such proposal.
- (2) If you change the content of your vote electronically after already having cast your vote electronically, only your last vote shall be deemed valid.
- (3) If you exercise your voting rights both in writing and electronically, only the vote cast electronically shall be deemed valid.

Any major changes in the operation of the Meeting such as its date, time and/or place as a result of factors including changes in the COVID-19 situation will be announced on the Company's website (<https://www.osakagas.co.jp/company/ir/stock/inform/index.html>).

[INFORMATION ON THE EXERCISE OF VOTING RIGHTS]

1. Exercising your voting rights in advance:

- Exercise of Voting Rights in Writing

Please specify in the enclosed voting form whether you are for or against a proposal and return the form to the Company by Due Date below.

Due Date: Monday, June 27, 2022, 4:00 p.m.

- Electronic Exercise of Voting Rights

Exercise of Voting Rights through the Internet

Please exercise your voting rights by Due Date below in accordance with the procedures described below.

We have introduced “Smart Exercise” system, through which you can exercise your voting rights easily by reading the QR Code on the voting form without entering the access code and password.

Due Date: Monday, June 27, 2022, 4:00 p.m.

(1) “Smart Exercise” by reading the QR Code

1. Read the QR Code shown in the bottom right of the voting form with a smartphone or other device capable of reading a barcode.
2. Follow the on-screen instructions to cast your vote.



Note: You can use “Smart Exercise” system only once. Should you wish to change the content of your vote cast via “Smart Exercise” system, please recast your vote by following the voting method described in (2) below.

(2) Voting by entering the access code and password

1. Access the voting website below. Click “次へすすむ (Next)”
2. Enter the access code specified on the voting form. Enter the access code. Click “ログイン (Log in)”
3. Enter the password specified on the voting form. Enter the password. Click “登録 (Register)”
4. Follow the on-screen instructions to cast your vote.



Voting Website: <https://www.web54.net>

You can access the voting website by reading the QR Code on the left with a smartphone or other device capable of reading a barcode.

The QR Code on the left is different from the QR Code for “Smart Exercise” on the voting form.

Any inquiries about the above-described exercise of voting rights through the Internet should be directed to:

Stock Transfer Agency Web Support, Sumitomo Mitsui Trust Bank, Limited.

Toll free number: 0120-652-031 (from 9 a.m. to 9 p.m.)

Electronic Voting Platform for Institutional Investors

Institutional investors who preliminarily signed up to use the “Electronic Voting Platform” operated by ICJ Inc. may also exercise their voting rights electronically through that platform.

- Any fees due to provider companies and telecommunications carriers such as Internet connection fees and communication charges arising in connection with accessing the Company’s voting website etc. shall be incurred by the respective shareholders.
- Any notice concerning the diverse exercise of voting rights prescribed in Article 313, Paragraph 2 of the Companies Act shall be in writing in accordance with Article 13, Paragraph 2 of the Company’s Articles of Incorporation.
- “QR Code” is a registered trademark of DENSO WAVE INCORPORATED.

2. Attending the Meeting (Please read the Notice Regarding Measures against the Novel Coronavirus Infectious Disease (COVID-19) on the front cover and the back cover.):

Please hand in the enclosed voting form at the reception desk. (The reception desk opens at 9:00 a.m.)

In accordance with Article 13, Paragraph 1 of the Company’s Articles of Incorporation, a proxy for each shareholder who wishes to exercise his/her voting rights by proxy on the date of the Meeting shall be another shareholder who has voting rights in the Company.

Date of the Meeting: Tuesday, June 28, 2022, 10:00 a.m.

Reference Documents for the Shareholders Meeting

1. Total number of voting rights

4,143,759

2. Proposals and related information

Proposal 1: Appropriation of Earnings

Taking into consideration the business results, our future management plan and other relevant matters, we propose to pay ¥30.00 per common share of the Company, an increase of ¥2.50 compared to the previous fiscal year, as year-end dividends for the 204th term as follows.

Combined with the interim dividends already paid, the Company's annual dividends for the 204th term will be ¥57.50 per common share of the Company.

(1) Type of dividend

Cash

(2) Matters concerning the distribution of dividends to shareholders and the aggregate amount

¥30.00 per common share of the Company

Aggregate amount: ¥12,469,299,090

(3) Commencement date for the payment of dividends (effective date for the distribution of earnings)

June 29, 2022

Proposal 2: Partial Amendments to the Articles of Incorporation (Business Purpose, System for Electronic Provision of Materials for Shareholders' Meetings, etc.)

1. Reasons for amendments

(1) Business purpose

In light of the current status of the Group's business and future business development, we propose to add businesses relating to renewable energy and hydrogen, telecommunications business, etc., to the business purpose under Article 2 of the current Articles of Incorporation. In addition, the Company proposes to make changes such as rearranging the order by business relevance and clarification by revising expressions.

(2) Means of providing notice on split voting

Article 13, Paragraph 2 of the current Articles of Incorporation provides that any notices on split voting under Article 313, Paragraph 2 of the Companies Act (Act No. 86 of 2005) shall be in writing. However, as the Companies Act does not require the Articles of Incorporation to provide such means, we propose the deletion of said Article. Furthermore, the Company will stipulate a means of providing notice on split voting in the Share Handling Regulations that prescribe matters concerning the handling of shares of the Company based on the authority delegated under the Articles of Incorporation, and plans to add electronic means as a means giving notice on split voting.

(3) System for electronic provision of materials for Shareholders' Meetings

The amended provisions stipulated in the proviso to Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) will come into effect on September 1, 2022. Accordingly, in order to prepare for the introduction of the system of electronic provision of materials for Shareholders' Meetings, we propose to amend the Articles of Incorporation as follows.

- 1) The proposed Article 15, Paragraph 1 provides that information contained in the reference materials for the Shareholders' Meeting, etc., shall be provided electronically, in accordance with laws and regulations.
- 2) The proposed Article 15, Paragraph 2 establishes a provision which limits the scope of matters to be included in physical copies to be delivered to shareholders who make such a request, in accordance with laws and regulations.
- 3) The provisions related to internet disclosure and deemed provision of the reference materials for the Shareholders' Meeting, etc. (Article 15 of the current Articles of Incorporation), will become unnecessary and will be deleted.
- 4) Supplementary provisions related to the effective date, etc., will be added in line with the above addition and deletion of provisions.

2. Details of amendments

The details of the proposed amendments are as follows.

(Underlined portions indicate amendments.)

Current Articles of Incorporation	Proposed Amendments
<p>Article 2. (Purpose)</p> <p>The purpose of the Company shall be to engage in the following businesses:</p> <ol style="list-style-type: none"> 1. <u>Gas business;</u> 2. <u>Heat supply business;</u> 3. <u>Electric power supply business;</u> 4. <u>Production and sales of high pressure gases such as liquefied natural gas, liquefied petroleum gas, liquefied oxygen and liquefied nitrogen, and businesses relating to the use of cold energy;</u> 5. <u>Manufacture and sales of coke, carbon materials, petroleum products, organic chemical industry products, inorganic chemical industry products such as catalysts;</u> 6. <u>Extraction of and dealings in energy resources such as natural gas and petroleum;</u> 7. <u>Production, sales, maintenance, management and lease of gas appliances, automobiles, water supply and drainage equipment, kitchen equipment, air conditioning equipment, home electric equipment, commercial electric equipment and business equipment;</u> 8. <u>Sales of building materials, convenience goods and foods;</u> 9. <u>Design, manufacture and sales of air pollution control equipment, sewage treatment equipment and waste treatment equipment for the purpose of environmental protection, business relating to recycling of soil, and afforestation business;</u> 10. <u>Design, supervision and implementation relating to civil engineering, building works, electric works, piping works and machinery and equipment installation works;</u> 11. <u>Dealings in, lease and management of real estate;</u> 12. <u>Security service, and sales and lease of security and disaster prevention devices;</u> 13. <u>Information processing and providing services, publishing, and production, sales and lease of computers and computer software;</u> 	<p>Article 2. (Purpose)</p> <p>The purpose of the Company shall be to engage in the following businesses:</p> <ol style="list-style-type: none"> 1. <u>Gas business, business relating to extraction of energy resources, energy trading business, electricity business, business relating to renewable energy and hydrogen, heat supply business, and other energy-related businesses;</u> 2. <u>Production, processing, transportation, and sales of energy-related products and industrial gases, and businesses relating to the use of cold energy;</u> 3. <u>Businesses relating to production, sales, lease, maintenance and management of residential, commercial and industrial equipment, automobiles, building materials, and businesses relating to energy services and life-related services;</u> 4. <u>Businesses relating to design, manufacture and sales of equipment for environmental protection, and recycling of soil, and afforestation business;</u> 5. <u>Businesses relating to design, supervision and implementation for civil engineering, building works, electric works, piping works and machinery and equipment installation works, and other engineering-related businesses;</u> 6. <u>Businesses relating to manufacture and sales of chemical industry products such as carbon materials, activated charcoal, preservatives, and materials for electro-optical equipment;</u> 7. <u>Businesses relating to urban development, dealings in, lease, brokerage and management of real estate and related services, and real estate investment consulting services;</u> 8. <u>Telecommunications business, information processing and providing services business, and publishing business, and businesses relating to production, sales and lease of computers and computer software;</u> 9. <u>Businesses relating to security and disaster preparedness;</u>

Current Articles of Incorporation	Proposed Amendments
<p><u>14. Operation of cooking schools, continuing-education schools, sports facilities, elder care facilities, spa facilities and marriage halls, home care support business under the Long-Term Care Insurance Act, restaurant business, travel agency business under the Travel Agency Law and manpower dispatching business;</u></p>	<p><u>10. Management of cooking schools, houses for elderly people and nursing facilities, operation of sports classes, nursing care service business, restaurant business, travel agency business under the Travel Agency Law, outsourcing business for clerical work for general affairs, human resources, accounting, etc., and manpower dispatching business;</u></p>
<p><u>15. – 19.</u> (Omitted)</p>	<p><u>11. – 15.</u> (Unchanged)</p>
<p>Article 13. (Voting by Proxy, etc.)</p> <p>1. A shareholder may exercise his/her voting right by authorizing another shareholder of the Company entitled to vote present at the Shareholders' Meeting to act as his proxy; provided, however, that such authorizing shareholder or authorized shareholder shall submit to the Company a document certifying proxy for each Shareholders' Meeting.</p> <p>2. <u>Any notices on split voting provided for in Article 313, Paragraph 2 of the Companies Act shall be in writing.</u></p>	<p>Article 13. (Voting by Proxy, etc.) (Unchanged)</p> <p>(Deleted)</p>
<p><u>Article 15. (Disclosure via Internet and Deemed Delivery of Reference Documents for Shareholders' Meeting, etc.)</u></p> <p><u>Upon convocation of the Shareholders' Meeting, the Company may be deemed to have delivered to shareholders reference documents for Shareholders' Meeting, the business report, the financial statements and the consolidated financial statements by disclosure of such information via the Internet in accordance with applicable laws and regulations.</u></p> <p>(Newly established)</p>	<p>(Deleted)</p> <p>(Deleted)</p>
	<p><u>Article 15. (Measures for Electronic Provision, etc.)</u></p> <p>1. <u>The Company shall, when convening a Shareholders' Meeting, electronically provide information contained in the reference documents for the Shareholders' Meeting, etc. in accordance with laws and regulations.</u></p> <p>2. <u>Among the matters to be provided electronically, the Company may choose not to include all or part of the matters stipulated in laws and regulations in the documents to be delivered to shareholders who have requested such delivery by the record date for voting rights.</u></p>

Current Articles of Incorporation	Proposed Amendments
(Newly established)	<p><u>Supplementary provisions</u></p> <p><u>Article 1. (Transitional Measures for Measures for Electronic Provision, etc.)</u></p> <p><u>1. The deletion of Article 15 of the current Articles of Incorporation and the newly established Article 15 shall become effective as of September 1, 2022, the date of enforcement of the amended provisions stipulated in the proviso to Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (the “Effective Date”).</u></p> <p><u>2. Notwithstanding the provisions of the preceding paragraph, the following provision shall remain in force with respect to a Shareholders’ Meeting to be held by February 28, 2023.</u></p> <p><u>Article 15. (Disclosure via Internet and Deemed Delivery of Reference Documents for Shareholders’ Meeting, etc.)</u></p> <p><u>Upon convocation of the Shareholders’ Meeting, the Company may be deemed to have delivered to shareholders reference documents for Shareholders’ Meeting, the business report, the financial statements and the consolidated financial statements by disclosure of such information via the Internet in accordance with applicable laws and regulations.</u></p> <p><u>3. These supplementary provisions shall be deleted after the lapse of six months from the Effective Date or the lapse of three months from the date of the Shareholders’ Meeting set forth in the preceding paragraph, whichever is later.</u></p>

Proposal 3: Partial Amendments to the Articles of Incorporation (Organizational Body to Determine Surplus Distributions)

1. Reasons for amendments

In order to flexibly distribute year-end dividends, we propose to amend Article 30, Paragraph 1 of the current Articles of Incorporation in accordance with the provisions of Article 459, Paragraph 1 of the Companies Act to enable surplus distributions by resolution of the Board of Directors only when it is difficult to determine year-end dividends by resolution of the Shareholders' Meeting due to unforeseen circumstances such as an outbreak of infectious disease or an occurrence of a natural disaster. For any other cases, year-end dividends will continue to be determined by resolution of the Shareholders' Meeting.

2. Details of amendments

The details of the proposed amendments are as follows.

(Underlined portions indicate amendments.)

Current Articles of Incorporation	Proposed Amendments
Article 30. (Record Date for Surplus Distributions) 1. The Company may, by resolution of the Shareholders' Meeting, make surplus distributions (year-end dividends) to the shareholders or the registered share pledgees electronically recorded in the latest shareholder register of March 31 of each year.	Article 30. (Record Date, <u>etc.</u> , for Surplus Distributions) 1. The Company may, by resolution of the Shareholders' Meeting, make surplus distributions (year-end dividends) to the shareholders or the registered share pledgees electronically recorded in the latest shareholder register of March 31 of each year. <u>However, unless otherwise provided for by laws or regulations, the Company may, by resolution of the Board of Directors, determine year-end dividends only when it is difficult to do so due to an outbreak of infectious disease, an occurrence of a natural disaster, etc.</u>
2. The Company may, by resolution of the Board of Directors provided for in Article 454, Paragraph 5 of the Companies Act, make surplus distributions (interim dividends) to the shareholders or the registered share pledges electronically recorded in the latest shareholder register as of September 30 of each year.	2. (Unchanged)

Proposal 4: Election of Ten (10) Directors


At the close of the Meeting, the term of office of all Directors will expire.


The Company therefore proposes the election of ten (10) Directors.


The nominees for Director are as follows (presented on pages 13-24):


No.	Name	Current Position at the Company	Attendance at Board of Directors meetings (*)
1	Takehiro Honjo Reappointed	Chairman and Director	13 out of 13 meetings
2	Masataka Fujiwara Reappointed	Representative Director and President, Executive President	13 out of 13 meetings
3	Tadashi Miyagawa Reappointed	Representative Director, Executive Vice-President	13 out of 13 meetings
4	Takeshi Matsui Reappointed	Representative Director, Executive Vice-President	13 out of 13 meetings
5	Takayuki Tasaka Reappointed	Representative Director, Executive Vice-President	13 out of 13 meetings
6	Fumitoshi Takeguchi Reappointed	Director, Senior Executive Officer	13 out of 13 meetings
7	Hideo Miyahara Reappointed Outside Director Independent Officer	Director	11 out of 13 meetings
8	Kazutoshi Murao Reappointed Outside Director Independent Officer	Director	12 out of 13 meetings
9	Tatsuo Kijima Reappointed Outside Director Independent Officer	Director	13 out of 13 meetings
10	Yumiko Sato Reappointed Outside Director Independent Officer	Director	11 out of 11 meetings


(*) The number of the Board of Directors meetings represents the number of the meetings held during the fiscal year under review (Year ended March 2022). The number of attendance of the nominee Ms. Yumiko Sato at the meetings represents the number after she assumed the office of Director of the Company on June 25, 2021.


Nominee No.	Name (Date of Birth)	Career and Significant Concurrent Positions	Number of the Company Shares Held
1	 <p>Takehiro Honjo (April 13, 1954)</p> <p>Reappointed</p>	<p>April 1978: Joined the Company</p> <p>June 2007: Executive Officer General Manager of Corporate Strategy Dept.</p> <p>June 2008: Senior Executive Officer Head of Commercial & Industrial Energy Business Unit</p> <p>June 2009: Director, Senior Executive Officer Head of Commercial & Industrial Energy Business Unit</p> <p>June 2010: Director, Senior Executive Officer Head of Customer Services, Head of Residential Energy Business Unit</p> <p>April 2013: Representative Director, Executive Vice-President</p> <p>April 2015: Representative Director and President, Executive President</p> <p>January 2021: Chairman and Director (current position)</p>	51,300
<p>Reason for nomination as Director:</p> <p>After assuming the office of Executive Officer of the Company in June 2007, Mr. Takehiro Honjo has served in various managerial positions including Head of Commercial & Industrial Energy Business Unit and Head of Residential Energy Business Unit. He served as Representative Director from April 2013 and Representative Director and President from April 2015. Having served as Chairman and Director since January 2021, he worked to further strengthen decision-making and supervisory functions of the Board of Directors as Chairman. Through these roles, he has accumulated not only considerable experience and extensive knowledge in corporate and organizational management but also other expertise and experience (see pages 27-28). The Company therefore believes that he is capable of contributing to the improvement of the Group's corporate value and has nominated him again as Director.</p>			


Nominee No.	Name (Date of Birth)	Career and Significant Concurrent Positions	Number of the Company Shares Held
2	 <p>Masataka Fujiwara (February 28, 1958)</p> <p>Reappointed</p>	<p>April 1982: Joined the Company</p> <p>April 2012: Executive Officer, General Manager of Energy Business Development Dept., Commercial & Industrial Energy Business Unit</p> <p>April 2013: Executive Officer Representative Director and President of Osaka Gas Chemicals Co., Ltd. Representative Director and President of Japan EnviroChemicals, Ltd.</p> <p>April 2015: Senior Executive Officer of the Company Representative Director and President of Osaka Gas Chemicals Co., Ltd.</p> <p>April 2016: Executive Vice-President of the Company Head of CSR, President of Corporate Planning Headquarters In charge of: Information Communication Systems Dept., CSR & Environment Dept., Compliance Dept., and Auditing Dept. Responsible for: OGIS-RI Co., Ltd., Osaka Gas Chemicals Co., Ltd., Secretariat, Corporate Communication Dept., Human Resources Dept., General Affairs Dept., and Purchasing Dept.</p> <p>June 2016: Representative Director, Executive Vice-President</p> <p>January 2021: Representative Director and President, Executive President (current position)</p>	22,900
<p>Reason for nomination as Director:</p> <p>After assuming the office of Executive Officer of the Company in April 2012, Mr. Masataka Fujiwara has served in various managerial positions including Representative Director and President of Osaka Gas Chemicals Co., Ltd. and President of Corporate Planning Headquarters of the Company. Having served as the Company's Representative Director from June 2016 and Representative Director and President, Executive President from January 2021, he led initiatives such as formulating the medium-term management plan. Through these roles, he has accumulated not only considerable experience and extensive knowledge in corporate and organizational management but also other expertise and experience (see pages 27-28). The Company therefore believes that he is capable of contributing to the improvement of the Group's corporate value and has nominated him again as Director.</p>			


Nominee No.	Name (Date of Birth)	Career and Significant Concurrent Positions	Number of the Company Shares Held
3	 <p>Tadashi Miyagawa (October 21, 1958)</p> <p>Reappointed</p>	<p>April 1982: Joined Ministry of International Trade and Industry</p> <p>June 2013: Director-General of Manufacturing Industries Bureau, Ministry of Economy, Trade and Industry</p> <p>January 2015: Joined the Company</p> <p>April 2015: Senior Executive Officer In charge of: Regional Co-creation Division</p> <p>April 2016: Senior Executive Officer In charge of: Regional Co-creation Division, Tokyo Branch, Regional Resident Representative, Overall Regional Resident Representative and Tokyo Representative</p> <p>June 2016: Director, Senior Executive Officer In charge of: Regional Co-creation Division, Tokyo Branch, Regional Resident Representative, Overall Regional Resident Representative and Tokyo Representative</p> <p>April 2018: Representative Director, Executive Vice-President (current position)</p>	12,700
	<p>Reason for nomination as Director:</p> <p>Prior to joining the Company, Mr. Tadashi Miyagawa served as Director-General of Manufacturing Industries Bureau at the Ministry of Economy, Trade and Industry. After assuming the office of Executive Officer of the Company in April 2015, he has been in charge of Regional Co-creation Division and other roles. Since April 2018, he has been serving as Representative Director, and has promoted the expansion of the renewable energy business as Head of LNG, Power & Engineering Business Unit and initiatives including the planning of innovation strategies as President of Innovation Headquarters. Through these roles, he has accumulated not only considerable experience and extensive knowledge in corporate and organizational management but also other expertise and experience (see pages 27-28). The Company therefore believes that he is capable of contributing to the improvement of the Group's corporate value and has nominated him again as Director.</p>		


Nominee No.	Name (Date of Birth)	Career and Significant Concurrent Positions	Number of the Company Shares Held
4	 <p>Takeshi Matsui (February 18, 1961)</p> <p>Reappointed</p>	<p>April 1983: Joined the Company</p> <p>April 2013: Executive Officer, General Manager of Finance Dept.</p> <p>April 2014: Executive Officer, General Manager of Human Resources Dept.</p> <p>April 2016: Senior Executive Officer, Head of Energy Resources & International Business Unit</p> <p>June 2017: Director, Senior Executive Officer, Head of Energy Resources & International Business Unit</p> <p>April 2019: Representative Director, Executive Vice-President (current position)</p>	18,300
	<p>Reason for nomination as Director:</p> <p>After assuming the office of Executive Officer of the Company in April 2013, Mr. Takeshi Matsui has served in various managerial positions including General Manager of Finance Dept., General Manager of Human Resources Dept., and Head of Energy Resources & International Business Unit. Since April 2019, he has been serving as Representative Director, and has expanded the international energy business. He also promoted initiatives including the planning of business strategies as President of Corporate Planning Headquarters. Through these roles, he has accumulated not only considerable experience and extensive knowledge in corporate and organizational management but also other expertise and experience (see pages 27-28). The Company therefore believes that he is capable of contributing to the improvement of the Group's corporate value and has nominated him again as Director.</p>		


Nominee No.	Name (Date of Birth)	Career and Significant Concurrent Positions	Number of the Company Shares Held
5	 <p>Takayuki Tasaka (July 21, 1962)</p> <p>Reappointed</p>	<p>April 1985: Joined the Company</p> <p>April 2015: Executive Officer, General Manager of Planning Dept., Residential Energy Business Unit</p> <p>April 2016: Senior Executive Officer Head of Customer Services, Head of Residential Energy Business Unit</p> <p>April 2018: Senior Executive Officer Head of Commercial & Industrial Energy Business Unit</p> <p>June 2018: Director, Senior Executive Officer Head of Commercial & Industrial Energy Business Unit</p> <p>April 2020: Director, Senior Executive Officer President of Corporate Planning Headquarters</p> <p>January 2021: Representative Director, Executive Vice-President (current position)</p>	17,300
<p>Reason for nomination as Director:</p> <p>After assuming the office of Executive Officer of the Company in April 2015, Mr. Takayuki Tasaka has served in various managerial positions including Head of Residential Energy Business Unit, Head of Commercial & Industrial Energy Business Unit, and President of Corporate Planning Headquarters. Since January 2021, he has been serving as Representative Director, and has promoted initiatives including strengthening competitiveness in the sales department. Through these roles, he has accumulated not only considerable experience and extensive knowledge in corporate and organizational management but also other expertise and experience (see pages 27-28). The Company therefore believes that he is capable of contributing to the improvement of the Group's corporate value and has nominated him again as Director.</p>			

Nominee No.	Name (Date of Birth)	Career and Significant Concurrent Positions	Number of the Company Shares Held
6	 <p>Fumitoshi Takeguchi (November 14, 1961)</p> <p>Reappointed</p>	<p>April 1985: Joined the Company</p> <p>April 2013: Associate Director, General Manager of Secretariat</p> <p>April 2016: Executive Officer, General Manager of General Affairs Dept.</p> <p>April 2018: Senior Executive Officer In charge of: Secretariat, Corporate Communication Dept., Human Resources Dept., General Affairs Dept. and Purchasing Dept.</p> <p>June 2018: Director, Senior Executive Officer In charge of: Secretariat, Corporate Communication Dept., Human Resources Dept., General Affairs Dept. and Purchasing Dept.</p> <p>June 2020: Senior Executive Officer In charge of: Secretariat, Corporate Communication Dept., Human Resources Dept., General Affairs Dept. and Purchasing Dept.</p> <p>June 2021: Director, Senior Executive Officer In charge of: Secretariat, Corporate Communication Dept., Human Resources Dept., General Affairs Dept. and Purchasing Dept.</p> <p>April 2022: Director, Senior Executive Officer In charge of: Secretariat, Corporate Communication Dept., Human Resources Dept., General Affairs Dept., Purchasing Dept. and Auditing Dept. (current position)</p>	21,900
<p>Reason for nomination as Director</p> <p>After assuming the office of Executive Officer of the Company in April 2016, Mr. Fumitoshi Takeguchi has served as General Manager of General Affairs Dept. and Senior Executive Officer mainly in charge of Secretariat, Corporate Communication Dept., Human Resources Dept., and promoted initiatives such as strengthening governance in division/departments of the Group's head office and COVID-19 countermeasures. Through these roles, he has accumulated not only considerable experience and extensive knowledge in organizational management, governance and risk management but also other expertise and experience (see pages 27-28). The Company therefore believes that he is capable of contributing to the improvement of the Group's corporate value and has nominated him again as Director.</p>			

Nominee No.	Name (Date of Birth)	Career and Significant Concurrent Positions	Number of the Company Shares Held
7	 <p>Hideo Miyahara (June 21, 1943)</p> <p>Reappointed Nominated for outside Director Independent Officer</p>	<p>October 1989: Professor, School of Engineering Science, Osaka University</p> <p>April 1998: Dean of Graduate School of Engineering Science and School of Engineering Science, Osaka University</p> <p>April 2002: Dean of Graduate School of Information Science and Technology, Osaka University</p> <p>August 2003: President of Osaka University</p> <p>September 2007: President of National Institute of Information and Communications Technology</p> <p>April 2013: Specially Appointed Professor, Graduate School of Information Science and Technology, Osaka University</p> <p>April 2016: Guest Professor, Graduate School of Information Science and Technology, Osaka University (current position)</p> <p>June 2013: Director of the Company (current position)</p>	0
	<p>Reason for nomination as Director</p> <p>Mr. Hideo Miyahara has made considerable research-related achievements in the field of information engineering over many years. In addition, he held positions as Dean of Graduate School of Information Science and Technology, Osaka University, and President of Osaka University, and has deep insight in information science and technology, considerable experience and extensive knowledge in organizational management, and other expertise and experience (see pages 27-28). Since assuming the office of Director of the Company in June 2013, Mr. Miyahara has appropriately performed his duties as an outside Director, and is therefore nominated again for outside Director.</p> <p>The Company has business transactions, such as holding a contract for the supply of gas, with Osaka University or other corporations with which Mr. Miyahara currently works or once worked. However, the amount paid by the Company to said corporations does not reach 2% of its consolidated net sales or revenues, and the amount received by the Company from said corporations does not reach 2% of the Company's consolidated net sales. In addition, although the Company has made donations to Osaka University, the amount is not more than ¥10 million on average over the past three years. Accordingly, Mr. Miyahara satisfies the criteria for determining the independence of outside officers stipulated by the Company (see page 29).</p>		

Nominee No.	Name (Date of Birth)	Career and Significant Concurrent Positions	Number of the Company Shares Held
8	 <p>Kazutoshi Murao (October 21, 1952)</p> <p>Reappointed Nominated for outside Director Independent Officer</p>	<p>April 1976: Joined Nippon Telegraph and Telephone Public Corporation</p> <p>June 2012: Representative Director and President of NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION</p> <p>June 2018: Counselor to the president, NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION (current position)</p> <p>June 2019: Director of the Company (current position)</p>	0
	<p>Reason for nomination as Director</p> <p>Mr. Kazutoshi Murao has the experience of serving as Representative Director and President of NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION and has not only considerable experience and extensive knowledge in corporate and organizational management but also other expertise and experience (see pages 27-28). Since assuming the office of Director of the Company in June 2019, Mr. Murao has appropriately performed his duties as an outside Director, and is therefore nominated again for said position. The Company has business transactions, such as holding contracts for the supply of gas and communications services, with NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION or other companies with which Mr. Murao currently works or once worked. However, the amount paid by the Company to said companies does not reach 2% of their consolidated net sales, and the amount received by the Company from said companies does not reach 2% of the Company's consolidated net sales. Accordingly, Mr. Murao satisfies the criteria for determining the independence of outside officers stipulated by the Company (see page 29).</p>		

Nominee No.	Name (Date of Birth)	Career and Significant Concurrent Positions	Number of the Company Shares Held
9	 <p>Tatsuo Kijima (September 22, 1954)</p> <p>Reappointed Nominated for outside Director Independent Officer</p>	<p>April 1978: Joined Japanese National Railways</p> <p>June 2016: President, Representative Director, and Executive Officer of West Japan Railway Company</p> <p>December 2019: Vice Chairman and Director of West Japan Railway Company</p> <p>June 2021: Advisor to West Japan Railway Company (current position)</p> <p>June 2020: Director of the Company (current position)</p>	0
<p>Reason for nomination as Director</p> <p>Mr. Tatsuo Kijima has the experience of serving as President, Representative Director and Executive Officer of West Japan Railway Company and has not only considerable experience and extensive knowledge in corporate and organizational management but also other expertise and experience (see pages 27-28). Since assuming the office of Director of the Company in June 2020, Mr. Kijima has appropriately performed his duties as an outside Director, and is therefore nominated again for said position.</p> <p>The Company has business transactions, such as holding a contract for the supply of gas, with West Japan Railway Company with which Mr. Kijima currently works. However, the amount paid by the Company to said company does not reach 2% of its consolidated net sales, and the amount received by the Company from said company does not reach 2% of the Company's consolidated net sales. Accordingly, Mr. Kijima satisfies the criteria for determining the independence of outside officers stipulated by the Company (see page 29).</p>			

Nominee No.	Name (Date of Birth)	Career and Significant Concurrent Positions	Number of the Company Shares Held
10	 <p>Yumiko Sato (September 20, 1951)</p> <p>Reappointed Nominated for outside Director Independent Officer</p>	<p>April 1975: Joined Suntory Co., Ltd.</p> <p>March 1998: General Manager of Research Institute on Continuity and Change in Life of Suntory Co., Ltd.</p> <p>March 2005: General Manager of Next Generation Institute of Suntory Co., Ltd.</p> <p>April 2008: Senior Research Fellow of Suntory Foundation (incorporated foundation)</p> <p>October 2013: Specially-appointed Professor of Otemon Gakuin University Special Professor of Institute for Creating Local Culture of Otemon Gakuin University</p> <p>May 2014: Director of Mature Society Research Institute, Otemon Gakuin Educational Foundation</p> <p>April 2015: Professor of Faculty of Regional Development Studies, Otemon Gakuin University</p> <p>April 2016: Director of Mature Society Research Institute, Otemon Gakuin University</p> <p>June 2020: Trustee of Otemon Gakuin Educational Foundation (current position)</p> <p>June 2021: Director of the Company (current position)</p>	0
<p>Reason for nomination as Director</p> <p>Ms. Yumiko Sato has made considerable achievements in the field of social studies related to life and culture. In addition, she held positions as General Manager of Next Generation Institute of Suntory Co., Ltd. and Trustee of Otemon Gakuin Educational Foundation, and has not only deep insight in life and culture but also other expertise and experience (see pages 27-28). Since assuming the office of Director of the Company in June 2021, Ms. Sato has appropriately performed her duties as an outside Director, and is therefore nominated again for said position.</p> <p>The Company has business transactions, such as holding a contract for the supply of gas, with Otemon Gakuin Educational Foundation with which Ms. Sato currently works. However, the amount received by the Company from said foundation does not reach 2% of the Company's consolidated net sales. Accordingly, Ms. Sato satisfies the criteria for determining the independence of outside officers stipulated by the Company (see page 29).</p>			


- Notes:
1. The positions and responsibilities in the Company and other significant concurrent positions of the nominees who are currently Directors of the Company are described in the section of “II. Officers, 1. Details of Directors and Audit & Supervisory Board Members” in the Business Report in addition to “Career and Significant Concurrent Positions” above. In the “Career and Significant Concurrent Positions” column, “responsible for” means monitoring and providing advice and suggestions concerning the operations of specific headquarters, organization, position or Core Non-Energy Business Company according to its managerial importance, effect on business management and other factors.
 2. None of the nominees has special interest with the Company.
 3. The Company has concluded an indemnity agreement (see the section of “II. Officers, 2. Indemnity Agreement” in the Business Report for a summary of the agreement) with each of the nominees. If the election of each of said nominees in this proposal is approved, the Company will continue said agreement with each of them.
 4. The Company has concluded a directors and officers liability insurance contract (see the section of “II. Officers, 3. Directors and Officers Liability Insurance Contract” in the Business Report for a summary of the contract) with an insurance company insuring the Company and its Directors, Audit & Supervisory Board Members, Executive Officers, etc. (including each of the nominees from No. 1 to No. 10). The Company plans to conclude a contract with the same terms and conditions upon expiry of the insurance period.
 5. Mr. Hideo Miyahara, Mr. Kazutoshi Murao, Mr. Tatsuo Kijima and Ms. Yumiko Sato are nominees for appointment as outside directors as specified in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act. The number of years since the nominees for reappointment as outside Directors of the Company assumed the office will be nine, three, two and one, respectively, for Mr. Hideo Miyahara, Mr. Kazutoshi Murao, Mr. Tatsuo Kijima and Ms. Yumiko Sato as of the close of the Meeting.
 6. Pursuant to the regulations of the stock exchange on which the Company’s stock is listed, the Company has notified said stock exchange that the nominees for appointment as outside directors are independent officers. The Company plans to continue to notify said stock exchange of the nominees as independent officers.
 7. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act and the Company’s Articles of Incorporation, the Company has an agreement with Mr. Hideo Miyahara, Mr. Kazutoshi Murao, Mr. Tatsuo Kijima and Ms. Yumiko Sato to limit their liabilities for damages under Article 423, Paragraph 1 of the Companies Act, to the minimum liability amount provided for in laws and regulations. If the election of each of said nominees is approved at the Meeting, the Company will continue said agreement with each of them.
 8. Nominees for outside Directors are expected to participate in decision-making as members of the Board of Directors and to monitor and supervise the execution of duties by executive Directors from an independent standpoint based on their experience and insight.

Proposal 5: Election of One (1) Audit & Supervisory Board Member

At the close of the Meeting, the term of office of Audit & Supervisory Board Member Yoko Kimura will expire. The Company therefore proposes the election of one (1) Audit & Supervisory Board Member.

The approval of the Audit & Supervisory Board has been obtained for this proposal.

The nominee for Audit & Supervisory Board Member is as follows (to be described on pages 25 through 26).

Name (Date of Birth)	Career and Significant Concurrent Positions	Number of the Company Shares Held
 Eriko Nashioka (February 13, 1967) Newly appointed Nominated for outside Audit & Supervisory Board Member Independent Officer	October 1991: Joined Ota Showa Audit Corporation April 1995: Registered as a Certified Public Accountant April 2004: Director, Institute for Environmental Management Accounting July 2004: Registered as a Licensed Tax Accountant Director, Nashioka Accounting Office (current position) April 2006: Part-time Instructor, Faculty of Commerce, Doshisha University (current position) April 2013: Representative Director, Institute for Environmental Management Accounting (current position) [Significant concurrent position] Representative Director, Institute for Environmental Management Accounting Director, Nashioka Accounting Office Audit & Supervisory Board Member, Sansha Electric Manufacturing Co., Ltd.	0
Reason for nomination as Audit & Supervisory Board Member Ms. Eriko Nashioka has not only accumulated abundant experience as a Certified Public Accountant and Licensed Tax Accountant but also made considerable achievements in the field of environmental accounting. In addition, she has served as Representative Director of Institute for Environmental Management Accounting, accumulating considerable experience and deep insight in the fields of finance and accounting and ESG (Environment, Society and Governance) as well as other expertise and experience (see pages 27-28). The Company believes that she is capable of appropriately performing the duties as an outside Audit & Supervisory Board Member of the Company and has therefore newly nominated her for said position. The Company had business transactions, such as services for a third-party evaluation on environmental aspects for the Company's Integrated Report, etc., with the Institute for Environmental Management Accounting at which Ms. Nashioka currently serves. However, taking into consideration the nature of the transactions (third-party evaluation, etc.), the amount of the transactions (the amount paid by the Company was approximately 1 million yen), and the fact that the Company has no plans to have business transactions with said corporation after the business transactions were completed, the Company believes that there is no impact on the independence of Ms. Nashioka as an outside officer. Furthermore, the Company has business transactions, such as gas supply contracts, with a corporation related to Ms. Nashioka. However, the amount paid is less than 2% of the consolidated net sales of the corporation, and the amount received by the Company from the corporation is less than 2% of the Company's consolidated net sales. From the above, the Company believes that Ms. Nashioka is appropriate as an independent officer of the Company and satisfies the criteria for determining the independence of outside officers stipulated by the Company (see page 29).		

- Notes:
1. The nominee's name as it appears on the family register is Eriko Maekawa.
 2. The nominee has no special interest with the Company.
 3. Ms. Nashioka is a nominee for appointment as an outside Audit & Supervisory Board Member as specified in Article 2, Paragraph 3, Item 8 of the Ordinance for Enforcement of the Companies Act.
 4. If the election of said nominee in this proposal is approved, the Company will conclude an indemnity agreement (see the section of "II. Officers, 2. Indemnity Agreement" in the Business Report for a summary of the agreement) with her.
 5. The Company has concluded a directors and officers liability insurance contract (see the section of "II. Officers, 3. Directors and Officers Liability Insurance Contract" in the Business Report for a summary of the contract) with an insurance company insuring the Company and its Directors, Audit & Supervisory Board Members, Executive Officers, etc. If the election of Ms. Eriko Nashioka in this proposal is approved, she will be covered by the said insurance contract as well. The Company plans to conclude a contract with the same terms and conditions upon expiry of the insurance period.
 6. Pursuant to the regulations of the stock exchange on which the Company's stock is listed, the Company will notify said stock exchange of the nominee as an independent officer.
 7. If the election of Ms. Eriko Nashioka in this proposal is approved, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act and the Company's Articles of Incorporation, the Company will conclude an agreement with said nominee to limit the liability for damages under Article 423, Paragraph 1 of the Companies Act to the minimum liability amount provided for in laws and regulations.

[Reference 1] Expertise of the Nominees for Directors and Audit & Supervisory Board Members (Skills Matrix)

From the perspective of contributing to its sustainable growth and improvement of its medium- to long-term corporate value, the Daigas Group has adopted a basic policy of appointing diverse talent as Directors and Audit & Supervisory Board Members in full consideration of their knowledge, experience, ability, personality, etc. regardless of gender, nationality, career, or age, etc. (*1) Decisions on the selection of each nominee for Directors and Audit & Supervisory Board Members are made based on deliberations by a voluntarily appointed advisory committee made up a majority of outside directors. The following is a list of the expertise and experience that the Board of Directors should possess as identified in light of the medium- to long-term management plan as well as the significant expertise and experience of each nominee.

(*1) Details are available on the Company's website (<https://www.daigasgroup.com/en/sustainability/governance/governance.html>).

Name	Position	Fields of Significant Expertise and Experience								
		Corporate Management	Marketing	Technology / R&D	DX (*2)	Global Management	ESG	Finance / Accounting	Legal / Risk Management	Human Resources Development
Takehiro Honjo	Chairman and Director	●	●				●	●	●	●
Masataka Fujiwara	Representative Director and President	●	●	●	●	●	●			
Tadashi Miyagawa	Representative Director	●		●	●	●	●		●	
Takeshi Matsui	Representative Director	●			●	●	●	●		●
Takayuki Tasaka	Representative Director	●	●					●	●	
Fumitoshi Takeguchi	Director						●	●	●	●

Name	Position	Fields of Significant Expertise and Experience								
		Corporate Management	Marketing	Technology / R&D	DX (*2)	Global Management	ESG	Finance / Accounting	Legal / Risk Management	Human Resources Development
Hideo Miyahara	Outside Director	●		●	●					●
Kazutoshi Murao	Outside Director	●			●		●		●	●
Tatsuo Kijima	Outside Director	●					●		●	●
Yumiko Sato	Outside Director						●		●	●
Toshimasa Fujiwara	Audit & Supervisory Board Member	●	●				●		●	●
Hisaichi Yoneyama	Audit & Supervisory Board Member	●		●		●			●	●
Eiji Hatta	Outside Audit & Supervisory Board Member	●						●	●	●
Shigemi Sasaki	Outside Audit & Supervisory Board Member	●							●	●
Eriko Nashioka	Outside Audit & Supervisory Board Member	●					●	●		●

(*2) Digital transformation

[Reference 2] Criteria for Determining the Independence of Outside Officers

The criteria for determining the independence of outside officers stipulated by the Company are as follows.

1. The individual may not be an Executive Director, Operating Officer, Executive Officer or employee (“business operator”) of the Company or its affiliates (the “Company Group”) and may not have been a business operator of the Company Group for ten years prior to being appointed.
2. The individual may not be a major vendor of the Company (*1) or its business operator, and may not have been a business operator of the same for past three years.
3. The individual may not be a major client of the Company (*2) or its business operator, and may not have been a business operator of the same for past three years.
4. The individual may not be a major shareholder (an individual or entity which owns 10% or more of the total voting rights, hereafter the same) of the Company or its business operator.
5. The individual may not be a business operator of an entity for which the Company is a major shareholder.
6. The individual may not be receiving substantial donations (*3) from the Company or be a business operator for an entity receiving such donations.
7. Except for remuneration as an officer, the individual may not receive substantial remuneration (*4) from the Company as a consultant, an accounting specialist such as a Certified Public Accountant, etc. or as a legal specialist such as an attorney, etc. (if the entity receiving the fees concerned is a corporation or a limited liability company, etc., any individual belonging to such an organization). The individual also may not be the accounting auditor of the Company Group.
8. If a business operator of the Company is an outside officer of another company, the individual may not be a business operator at the company concerned, the parent company or subsidiary of the company concerned.
9. The individual may not be a close relative (spouse or a relation in the second degree) of persons listed below:
 - (1) Persons who are currently or was a Director, Audit & Supervisory Board Member, Executive Officer or a key employee with an equivalent position (“important executive”) for the Company Group within the past three years.
 - (2) Of the persons in 2-6 above, those who are important executives.
 - (3) Of the persons listed in 7 above, those who have professional licenses such as Certified Public Accountants, attorneys, etc.
10. In addition to 1-9 above, individuals must not have issues that could cause constant and substantive conflicts of interest against the Company’s general shareholders.

*1 Payment amount to vendor accounts for 2% of its consolidated sales or more

*2 Received amount from client accounts for 2% of the Company’s consolidated sales or more, or the loan balance outstanding is 2% of the Company’s consolidated gross assets or more

*3 More than 10 million yen on average over the past three years

*4 The larger of more than 10 million yen on average over the past three years or an amount equivalent to 2% of total sales (total revenues) of the organization to which payment is made (three-year average)

Even if the individual does not satisfy any of the criteria listed above in 1-10, if the individual is suitable as an independent officer, the Company may still appoint him/her as an independent officer of the Company by providing an explanation or disclosing the reasons.

Business Report (April 1, 2021 to March 31, 2022)

I. Current Situation of the Business Group

1. Business Operations and Results

During the fiscal year under review, the outlook for the Japanese economy remained uncertain due to the repeated spread of COVID-19, although there were signs of a partial recovery. In addition, unexpected changes in the international situation, such as Russia's invasion of Ukraine in February 2022, have increased the sense of uncertainty.

In such a business environment, the Group has proactively conducted its businesses with the aim of becoming a corporate group that “powers continuous advancement in consumer life and business.”

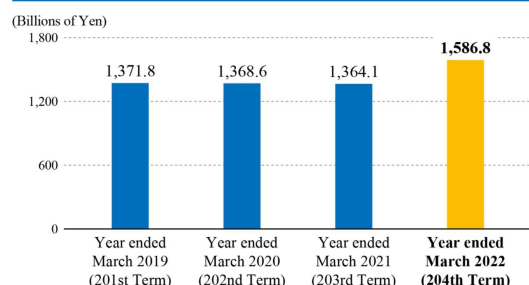
Consolidated net sales for the fiscal year under review increased by 16.3% from the previous year to ¥1,586.8 billion, primarily due to an increase in sales from a rise in LNG prices and higher unit selling price of city gas under the fuel cost adjustment system in the Domestic Energy Business, and an increase in sales from the upstream project in the USA and the Freeport LNG project in the International Energy Business (see Graph 1).

Consolidated ordinary profit decreased by 13.5% from the previous year to ¥110.4 billion, primarily due to the impact of a time lag between fluctuations in raw material costs and their reflection in the unit selling price of city gas* in the Domestic Energy Business, despite an increase in profit from the International Energy Business (see Graph 2).

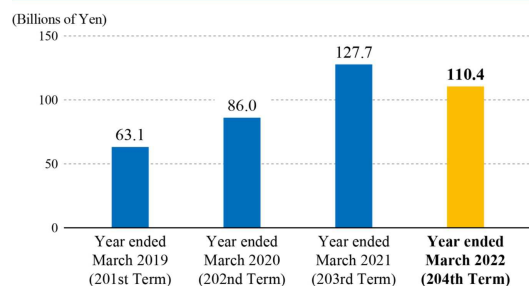
Profit attributable to owners of parent increased by 58.6% from the previous year to ¥128.2 billion primarily due to recording of income taxes - deferred (gain) at a consolidated subsidiary in the USA, etc. (see Graph 3).

* There is a time lag between fluctuations in raw material costs and their reflection in the unit selling price under the fuel cost adjustment system, which causes a temporary increase/decrease in profit. This resulted in a temporary decrease in profit for this fiscal year and the previous year.

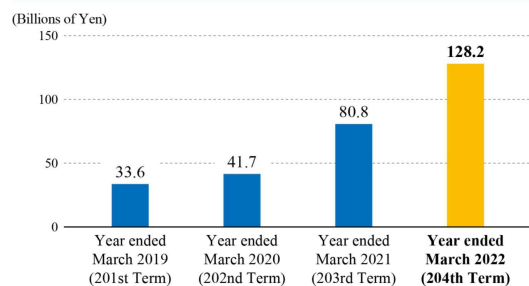
Graph 1 Transition of Consolidated Net Sales



Graph 2 Transition of Consolidated Ordinary Profit



Graph 3 Transition of Profit Attributable to Owners of Parent



An overview of the Group's operations by business segment was as follows.

(1) Domestic Energy

Net sales increased by 15.3% from the previous year to ¥1,336.1 billion.

Gas

The city gas sales volume for residential use decreased by 2.6% from the previous year to 1,854 million cubic meters, primarily due to competition.

The city gas sales volume for business use decreased by 0.2% from the previous year to 5,242 million cubic meters primarily due to a decrease in operation of certain customers' facilities.

As a result, total city gas sales volume decreased by 0.9% from the previous year to 7,096 million cubic meters.

City gas was supplied to 5,026 thousand accounts as of March 31, 2022.

Regarding gas appliances and services for residential customers, we endeavored to develop and expand sales of products, such as the residential fuel cell cogeneration system "ENE-FARM^{*1}," as well as devices and equipment for hot water supply, air heating and cooking. In addition, we have provided a range of services, including the "Sumikata Service" which involves repairing gas appliances and plumbing as well as disaster/crime prevention.

In September 2021, we achieved cumulative total sales of 150 thousand units for "ENE-FARM." A model equipped with an autonomous operation function that supplies electricity and heat during a power outage, is also available.

In March 2022, we started "Sasuga Net," Internet services that meet the needs of individual customers. Three service plans that differ in transmission speed, monthly charge, and service contents are offered. At the same time, the "Gas Toku Plan" was renewed and started accepting applications for a rate menu that offers savings by combining gas, electricity, and Internet.

In March 2022, in collaboration with business operators, we launched "Sumai LINK," a new service which offers products and services that are useful for customers' daily lives via personal computers and smartphones.



Gas stove "Class S"



"ENE-FARM type S"



Publicizing "Sasuga Net" "Sumai LINK"

Regarding gas appliances and services for business use, we engaged in efforts to develop products and promote sales for such products as cogeneration systems*1, air-conditioning systems, kitchen instruments, boilers, industrial furnaces and burners. We also provided high-value-added solutions to meet customer needs, for example “D-Lineup,” which helps to solve various management issues of customers from the viewpoint of decarbonization, decentralization, and digitalization, by utilizing our engineering capabilities.

Toward the realization of a decarbonized society, we started accepting applications for carbon neutral city gas*2 from corporate customers in April 2021 and started supplying in August 2021.

We are engaged in research and development of catalysts and combustion technologies, among others, that contribute to low-carbonization and decarbonization, such as basic research on high-efficiency methanation technology*3, which is expected to be a promising technology for decarbonization of city gas. In October 2021, we opened the “Carbon Neutral Research Hub,” a research and development center for carbon neutral technology in Konohana-ku, Osaka. In addition, the Company and INPEX CORPORATION jointly commenced a demonstration project to develop CO₂-methanation technology*3 for practical use at the Koshijihara Plant at INPEX’S Nagaoka Field Office in Nagaoka, Niigata Prefecture.

To ensure stable supply and security, continuous efforts were made throughout the year to diversify natural gas procurement sources, ensure good maintenance and well-planned renovations of gas production and supply facilities including utilization of AI technology, promote the spread of gas appliances equipped with safety functions, and implement measures for earthquakes, tsunamis and COVID-19.

To reduce the risk of gas pipe damage due to excavation work by other companies, we began in June 2021 test operations of an initiative to automatically recognize construction sites using AI cameras mounted on Osaka City Bus Corporation route buses.

*1 As a decentralized power source, it also contributes to improving the resilience of the energy supply.

*2 Carbon neutral city gas uses LNG that offsets CO₂ emissions in the process of drilling, transport, production, and combustion of natural gas by CO₂ credits.



Advertisement for “D-Lineup”



LNG vessel delivering carbon-neutral LNG (First arrival at Senboku LNG Terminal)



Conceptual image of methanation technology with high efficiency



Bridge pipe safety inspection

*3 Methanation is a technology used to synthesize methane, the main component of city gas, by reacting hydrogen with CO or CO₂ via catalyst.

Electricity

The electricity sales volume increased by 3.9% from the previous year to 16,760 million kWh.

The number of electricity subscribers under low-voltage electricity contracts reached 1.613 million as of March 31, 2022.

We strived to offer a variety of electricity rate menus, such as those that can be used in combination with gas for a discount, and those tailored to customers' lifestyles and hobbies. In April 2021, the Company started accepting applications for the "D-Green" series, a new pricing menu for corporate customers that contributes to decarbonization.

To achieve carbon neutrality by 2050, we have been actively promoting the expansion of renewable energy sources. As a result, the total contribution to the spread of renewable energy sources, including contributions from overseas included in the International Energy segment, reached about 1.40 million kW as of March 31, 2022.

The Company has participated in a biomass power generation project in Hyuga, Miyazaki Prefecture (with generating capacity of 50,000 kW, commercial operation scheduled to start in November 2024; 35% ownership), solar power generation projects in four locations in Japan, including Shizukuishi, Iwate Prefecture (with generating capacity of about 60,000 kW, started commercial operation; 20% ownership in each silent partnership), onshore wind power generation project in Yokohama, Kamikita-gun, Aomori Prefecture (with generating capacity of about 40,000 kW, commercial operation scheduled to start in April 2023; 39% ownership in silent partnership) and other projects.

In September 2021, an onshore wind farm of Shiribetsu Wind Development Co., Ltd. (with a power generation capacity of about 30,000 kW) located in Suttu-cho, Suttu-gun, Hokkaido and Rankoshi-cho, Isoya-gun, Hokkaido, started commercial operation.

In September 2021, the Company established a new company in partnership with MUFG Bank, Ltd., NTT Anode Energy Corporation, and six other companies, towards the launch of a renewable energy fund.



Advertisement for electricity retail business



Shizukuishi Solar Power Plant (Iwate Prefecture)



Shiribetsu Wind Power Plant (Hokkaido Prefecture)

(2) International Energy

Net sales increased by 82.4% from the previous year to ¥80.7 billion.

Sabine Oil & Gas Corporation (100% ownership), operating a shale gas production and development business in Texas, USA, showed favorable performance due to productive development, with gas production surpassing planned results.

In the renewable energy business in North America, the Company acquired 50% of equity of the Brighter Future Solar project (with a power generation capacity of about 20,000 kW) located in North Carolina, USA in September 2021 and it has started commercial operation in January 2022. In addition, the Company has signed agreements with two US solar power developers for the joint development of solar power plants in the USA.

In the energy supply business in Asia, in December 2021, the Company acquired a part of the equity of an operating company engaged in the city gas business, etc., mainly in southern India and other surrounding areas.

(3) Life & Business Solutions

Net sales increased by 9.5% from the previous year to ¥237.0 billion.

Osaka Gas Urban Development Co., Ltd., a group company engaged in the urban development business, expanded its assets by acquiring seventeen rental apartment buildings, including “Urbanex Osaka Tenmabashi” (Osaka Prefecture). The company also completed the construction of two condominium buildings, including “SCENES Uehonmachi” (Osaka Prefecture) during the fiscal year under review.

OGIS-RI Co., Ltd., a group company engaged in the information solutions business, strove to provide comprehensive IT services, including consultation, design, development and operation of corporate information systems, as well as data centers and cloud services.

Osaka Gas Chemicals Co., Ltd., a group company engaged in the material solutions business, strove to develop and expand sales of high-value-added materials, including fine materials, carbon products and preservatives. Xyladecor, a wood preservative and coating agent, celebrated the 50th anniversary in 2021 since its launch in Japan.



Shale gas mining area of Sabine Oil & Gas Corporation (Texas, US)



Urbanex Osaka Tenmabashi (Osaka Prefecture)



“Xyladecor” wood preservative and coating agent

[Net Sales and Segment Profit for Each Business Segment]

	Domestic Energy	International Energy	Life & Business Solutions
Net sales (Billions of Yen)	1,336.1	80.7	237.0
Percentage change from previous year (%)	+15.3	+82.4	+9.5
Percentage of net sales (%)	80.8	4.9	14.3
Segment profit (Billions of Yen)	38.6	44.3	23.5
Percentage change from previous year (%)	(54.8)	+162.5	+21.9
Percentage of segment profit (%)	36.3	41.6	22.1

Note: The net sales and segment profit for each business segment include amounts relating to inter-segment transactions. Segment profit includes the share of profit (loss) of entities accounted for using equity method.

The Group's business segments were renewed in the Medium-term Management Plan 2023 "Creating Value for a Sustainable Future," announced in March 2021. Thus, effective from the fiscal year under review, "Domestic Energy / Gas" and "Domestic Energy / Electricity" segments have been combined into "Domestic Energy" segment, a consolidated subsidiary engaged in LNG transport and other companies, which were previously included in the "International Energy" segment, have been transferred to "Domestic Energy" segment, and certain reclassifications have been made to the classification of intersegment expenses. Percentage change from the previous year in this Business Report are calculated upon reflecting this change.

In addition, the Company has applied the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020), the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019), and other standards from the beginning of the fiscal year under review.

2. Principal Activities of the Group (as of March 31, 2022)

Business Segment	Major Businesses
Domestic Energy	Production, supply and sale of city gas, sale of gas appliances, gas piping work, sale of LNG, transportation of LNG, sale of LPG, industrial gases, and power generation and sale of electricity
International Energy	Development and investment relating to natural gas, etc. and supply of energy
Life & Business Solutions	Development and leasing of real estate, information processing service and sale of fine materials and carbon products

3. Capital Investment Activities

The amount of capital investments by the Group was ¥189.3 billion.

We lengthened the Company's gas trunk and branch lines by 160 kilometers, bringing the total length to 51,543 kilometers as of the end of the fiscal year under review.

We also conducted activities such as works for ensuring stable supply and security at gas production and supply facilities, equipment works related to natural gas development and production businesses in our subsidiaries and construction of power plants.

4. Financing Activities

During the fiscal year under review, the Group borrowed ¥42.8 billion and repaid ¥60.3 billion of long-term loans. With respect to corporate bonds*¹, the Group issued ¥40.0 billion of standard bonds and redeemed ¥10.0 billion during the fiscal year under review. In March 2022, the Company decided to issue transition bonds*² with an issue amount of ¥10.0 billion.

*1. Short-term bonds are not included.

*2. The bonds are issued to fund initiatives in accordance with the Group's long-term transition strategy to reduce corporate greenhouse gas emissions.

5. Major Lenders (as of March 31, 2022)

Lenders	Loans Outstanding (Millions of Yen)
Resona Bank, Limited	70,994
MUFG Bank, Ltd.	43,465
Development Bank of Japan Inc.	31,551
Japan Bank for International Cooperation	21,938
The Bank of Kyoto, Ltd.	20,069

6. Outstanding Issues

(1) Management Policies

As “a corporate group that powers continuous advancement in consumer life and business,” the Group aims to create “Value for Customers,” “Value for Society,” “Value for Shareholders” and “Value for Employees” by providing various products and services relating to the energy business, including natural gas, electricity and LPG, and its peripheral services, and non-energy businesses, such as urban development, materials and information businesses. With the recognition that achieving sustainable growth is the Group’s biggest managerial issue in pursuing the above aim, the Group formulated the 2030 Long-term Management Vision “Going Forward Beyond Borders” in 2017 and the new Medium-term Management Plan 2023 “Creating Value for a Sustainable Future” and the “Carbon Neutral Vision” in 2021.

In line with said vision and plan, the Group will contribute to the realization of a sustainable society and proactively promote its business operations with the aim of becoming an innovative and preferred energy & service company through the ages, while responding to changes in the business environment. Furthermore, we will promote initiatives to achieve carbon neutrality in the Group’s business activities and contribute to the realization of a low-carbon/decarbonized society.

Additionally, in April 2022, we spun off the general gas pipeline service business and other businesses as part of the legal separation of the pipeline division. Under the newly launched group structure, we will continue our efforts in ensuring stable energy supply and security, as well as neutrality and transparency in our transportation service.

(2) Priority Issues

Through our initiatives to “co-create value for a sustainable future” and “evolve our corporate group,” which are key strategies in the Medium-term Management Plan 2023, we aim to create value that contributes to solving social issues and practice portfolio management that accommodates changes in the future business environment based on three pillars— Domestic Energy Business, International Energy Business, and Life & Business Solutions Business. To achieve this, the Group will address the following issues.

(a) Domestic Energy Business

(i) Ensuring stable and economical procurement of fuels and raw materials

We endeavor to ensure the stable procurement of fuels and raw materials such as natural gas by diversifying sources, by way of procuring from many producers. Through the diversification of price indices and other efforts, we aim for procurement of fuels and raw materials which increases our market competitiveness.

In addition, in the event of unforeseen circumstances in fuels and raw materials procurement, we will utilize the know-how we have accumulated through trading and other activities to secure fuels and raw materials in a prompt and flexible manner.

(ii) Ensuring competitive power sources and expansion of renewable energies

Through such efforts as the development of new power sources and procurement of electricity through the wholesale power market, we will seek to construct a competitive portfolio of power sources. Particularly in renewable energy, we will promote development and business participation, as well as expansion of procurement sources and acquisition of projects through collaboration and other means.

(iii) Stable and safe energy supply

We will continue to address such issues as the maintenance, reinforcement and renovation of facilities for gas production and supply and for power generation and the implementation of countermeasures against natural disasters including earthquakes and tsunamis and other events including the outbreak of infectious diseases such as COVID-19 for stable supply and improvement of resilience. We also continue to provide responses to emergencies such as gas leakages to secure safety at customer locations.

(iv) Expanding the marketer businesses

By encouraging wider use of gas cogeneration systems such as fuel cell systems, as well as gas air-conditioning systems, expanding the sales of electricity and LPG, expanding the menu of proposals that contribute to low-carbon/decarbonization such as D-Lineup, and building an energy network that combines decentralized power sources with renewable energy, we will contribute to the solution of social issues, including the shift to a low-carbon/decarbonized society and improvement of resilience. We will also enhance and broaden the range of life support services, such as the “Sumai LINK,” a digitally enabled life services platform, and the “Sumikata Service,” and services peripheral to the energy business, including the management and maintenance of buildings and facilities, air conditioning and ventilation, water treatment, and energy saving and the visualization of operational status of facilities. In addition, we will offer fixed communication service as well as a range of energy rate menus according to customers’ lifestyles and business requirements so that we can contribute to the enhancement of customers’ living environment as well as their business growth. Furthermore, we will promote alliances with various business partners, including energy business operators in various locations, thereby expanding the marketer business in a wider geographic area.

(v) Developing energy infrastructure and expanding the engineering business

We will expand efforts to develop new energy infrastructure, such as LNG terminals. Toward the customers who are considering the use of LNG, we will propose solutions that meet the customers’ needs based on the expertise accumulated through our business experience, thereby broadening the scope of our engineering business.

(vi) Promoting a fair and efficient gas pipeline service business

We are committed to making continuous efforts to maintain and expand the demand for city gas, while ensuring neutrality and transparency and enhancing the convenience of the transportation service, and meeting the needs of communities and consumers.

(b) International Energy Business

We will steadily promote the projects we are currently undertaking, including the production in Gorgon LNG project and Ichthys LNG project in Australia, the shale gas development business operated by Sabine Oil & Gas Corporation in the USA and the liquefaction business of the Freeport LNG project, to ensure stable procurement of natural gas and other resources and to earn profits. In the IPP business, we will steadily proceed with the gas-fired power generation business, as well as the development and acquisition of renewable energy and other energy sources. In the marketer business, we will steadily operate gas, electric power, and energy service businesses and develop new projects, while also acquiring expertise in new areas through business participation, etc., by utilizing the knowledge we have cultivated in Japan. Furthermore, we will expand our energy infrastructure development and engineering business by proposing solutions that meet customers’ needs.

(c) Life & Business Solutions Business

Based on the expertise and knowledge accumulated through our energy businesses, we will offer products and services that capitalize our unique strengths in our non-energy businesses relating to urban development, materials and information, thereby helping our customers at home and abroad to achieve comfort, convenience and good health and contributing to the advancement of the life and business of our customers.

(d) Operating Foundations

(i) Practice of management with attention to ESG (Environment, Society and Governance)

In accordance with the “Daigas Group Charter of Business Conduct,” we will ensure corporate management paying attention to ESG. In tandem with the parties involved with the supply chain of the Group at home and abroad, we will make continued efforts to gain greater trust from our customers and society.

On the environmental side, as the society goes through a period of transition to a decarbonized society, we will promote fuel conversion to natural gas and the introduction of highly efficient facilities, while further expanding efforts to reduce CO₂ emissions at customers’ sites and in our own business activities by introducing renewable energy and promoting carbon-neutral LNG and city gas. Furthermore, we will continue to develop technologies such as methanation and establish supply chains for hydrogen and other resources in order to realize a decarbonized society. In addition, based on the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD), we will work to enhance the disclosure of information on our decarbonization efforts. On the social front, we will promote human rights and occupational health and safety initiatives in accordance with international norms, and foster a culture of diversity and inclusion through the appointment of female officers and other means. In the area of governance, we will continue our efforts to raise awareness of compliance, strengthen our governance structure, and promote information security measures.

(ii) Promoting innovation, technological development and digital transformation

We will seek to increase value by creating new services utilizing the latest digital technologies and internal and external ideas, such as IoT and AI, and improve productivity through operation reforms and system renovations inside the Company.

We will also promote efforts to achieve higher efficiency and lower costs for gas appliances and facilities, including fuel cell systems, and to develop new technologies relating to materials, information processing, and the prevention of global warming, etc.

(iii) Reinforcing human resources and organization

To achieve sustainable growth, we will advance efforts to increase the diversity of human resources, hire and develop human talent who can create new value, and foster a corporate culture that encourages employees to take on challenges. We will also step up efforts to create a work environment that encourages rewarding, productive, and creative work styles so that the Group will stay healthy and resilient.

(3) Conclusion

The Group will continue to implement highly effective internal controls by monitoring and assessing its internal control system and providing necessary measures. With such system effectively in place, the Group tackles the issues described above and exerts ceaseless efforts to achieve sustainable growth by implementing the “Daigas Group Corporate Principles.”

The Group looks forward to the continued support and encouragement from all shareholders.

7. Financial Position and Profits and Losses

Division	Year ended March 2019 (201st Term)	Year ended March 2020 (202nd Term)	Year ended March 2021 (203rd Term)	Year ended March 2022 (204th Term)
Net sales (Millions of Yen)	1,371,863	1,368,689	1,364,106	1,586,879
Ordinary profit (Millions of Yen)	63,103	86,018	127,752	110,464
Profit attributable to owners of parent (Millions of Yen)	33,601	41,788	80,857	128,256
Basic earnings per share (Yen)	80.80	100.50	194.48	308.48
Total assets (Millions of Yen)	2,029,722	2,140,482	2,313,357	2,569,819
Net assets (Millions of Yen)	1,035,044	1,027,667	1,114,597	1,284,132

8. Major Offices, Plants and Employees (as of March 31, 2022)

(1) Major Offices, etc.

The Company	Head Office	Head Office (Osaka Prefecture)
	Offices	Osaka Office (Osaka Prefecture) Nambu Office (Osaka Prefecture) Hokubu Office (Osaka Prefecture) Tobu Office (Osaka Prefecture) Hyogo Office (Hyogo Prefecture) Keiji Office (Kyoto Prefecture)
	LNG Terminals	Semboku LNG Terminals (Osaka Prefecture) Himeji LNG Terminal (Hyogo Prefecture)
	Research Center	Energy Technology Laboratories (Osaka Prefecture)
Subsidiaries ¹		Osaka Gas Urban Development Co., Ltd. (Osaka Prefecture) OGIS-RI Co., Ltd. (Osaka Prefecture) Osaka Gas Chemicals Co., Ltd. (Osaka Prefecture) Osaka Gas Marketing Co., Ltd. (Osaka Prefecture) Daigas Energy Co., Ltd. (Osaka Prefecture) Daigas Gas and Power Solution Co., Ltd. (Osaka Prefecture) Osaka Gas USA Corporation (Texas, USA)

(2) Employees

Business Segment	Number of Employees ²
Domestic Energy	11,382
International Energy	239
Life & Business Solutions	9,340
Total	20,961

Notes:

1. The head office locations of the principal subsidiaries are shown as major offices.
2. The above number of employees indicates the number of employees currently on duty.

9. Outline of Principal Subsidiaries (as of March 31, 2022)

The Group treats the following affiliated companies that play a central role in energy business and other businesses and that are positioned as elementary units for the management of the Group as Core Non-Energy Business Companies, Core Energy Business Companies, and Overseas Regional Headquarters, which the Group recognizes as principal subsidiaries.

Category	Company	Capital	Holding	Main Activities
Core Non-Energy Business Companies	Osaka Gas Urban Development Co., Ltd.	¥1,570 mil.	100%	Development, leasing, management, and sale of real estate
	OGIS-RI Co., Ltd.	¥440 mil.	100%	Development of software and information processing services via computers
	Osaka Gas Chemicals Co., Ltd.	¥14,231 mil.	100%	Manufacture and sale of fine materials, carbon products, etc.
Core Energy Business Companies	Osaka Gas Marketing Co., Ltd.	¥100 mil.	100%	Sales of gas and electricity for residential use; sales and maintenance of gas appliances; and home renovation
	Daigas Energy Co., Ltd.	¥310 mil.	100%	Sales of gas and electricity for business use; sales and maintenance of gas appliances; energy service business; sales of LNG and LPG; and heat supply business
	Daigas Gas and Power Solution Co., Ltd.	¥100 mil.	100%	Operation and maintenance of LNG terminals and power plants; power generation and sales of electricity; and engineering service business
Overseas Regional Headquarters	Osaka Gas USA Corporation	US\$1	100%	Investment, etc. relating to natural gas and energy supply businesses in North America

Note: The Group has 150 consolidated subsidiaries, including the above seven principal subsidiaries.

On April 1, 2022, the Company transferred its general gas pipeline service business, etc., to Osaka Gas Network (head office located in Osaka Prefecture) by means of an absorption-type company split. Accordingly, effective April 1, 2022, Osaka Gas Network has been designated as an affiliated company that plays a central role in the general gas pipeline service business field and is positioned as an elementary unit for the management of the Group (Network Company), and the company has been recognized as a principal subsidiary in addition to the Core Non-Energy Business Companies, Core Energy Business Companies, and Overseas Regional Headquarters.

Company	Capital	Holding	Main Activities
Osaka Gas Network Co., Ltd.	¥6,000 mil.	100%	General gas pipeline service business, etc. (city gas transportation service, gas piping work, etc.)

II. Officers

1. Details of Directors and Audit & Supervisory Board Members (as of March 31, 2022)

Position	Name	Business in Charge	Significant Concurrent Positions
Chairman and Director	Takehiro Honjo		Chairperson of The Japan Gas Association Member of the Osaka Prefectural Public Safety Commission Director of Asahi Broadcasting Group Holdings Corporation Director of Osaka Gas Urban Development Co., Ltd.
Representative Director and President Executive President	Masataka Fujiwara		Director of OGIS-RI Co., Ltd. Director of Osaka Gas Chemicals Co., Ltd.
Representative Director Executive Vice-President	Tadashi Miyagawa	Head of Technology President of Innovation Headquarters In charge of: Tokyo Branch, Auditing Dept. and Overall Representative Responsible for: LNG, Power & Engineering Business Unit OGIS-RI Co., Ltd. Osaka Gas Chemicals Co., Ltd.	Director of OGIS-RI Co., Ltd. Director of Osaka Gas Chemicals Co., Ltd.
Representative Director Executive Vice-President	Takeshi Matsui	Head of Safety Head of ESG Promotion President of Corporate Planning Headquarters Responsible for: Energy Resources & International Business Unit Network Company Secretariat, Corporate Communication Dept., Human Resources Dept., General Affairs Dept. and Purchasing Dept.	
Representative Director Executive Vice-President	Takayuki Tasaka	Head of Customer Services Head of Energy Solution Business Unit Responsible for: Osaka Gas Urban Development Co., Ltd.	Director of Osaka Gas Urban Development Co., Ltd.
Director Senior Executive Officer	Fumitoshi Takeguchi	In charge of: Secretariat, Corporate Communication Dept., Human Resources Dept., General Affairs Dept. and Purchasing Dept.	
Director	Hideo Miyahara		Guest Professor, Graduate School of Information Science and Technology of Osaka University Representative Director of KNOWLEDGE CAPITAL Director of West Japan Railway Company

Position	Name	Business in Charge	Significant Concurrent Positions
Director	Kazutoshi Murao		Counselor to the president of NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION Vice Chairman of Kansai Economic Federation Director of Keihan Holdings Co., Ltd.
Director	Tatsuo Kijima		Advisor of West Japan Railway Company Audit & Supervisory Board Member of Sumitomo Electric Industries, Ltd.
Director	Yumiko Sato		Professor of Faculty of Regional Development Studies, Otemon Gakuin University Trustee of Otemon Gakuin Educational Foundation
Audit & Supervisory Board Member (full-time)	Toshimasa Fujiwara		
Audit & Supervisory Board Member (full-time)	Hisaichi Yoneyama		
Audit & Supervisory Board Member	Yoko Kimura		Director of Nara Prefectural University
Audit & Supervisory Board Member	Eiji Hatta		Chancellor and Chairperson of the Board of Trustees of The Doshisha Chairman of Japan Student Baseball Association Vice Chairman of Japan University Auditors Association
Audit & Supervisory Board Member	Shigemi Sasaki		Governor of Japan Bar Association and Head of Kinki Branch of Japan Bar Association

Notes:

- 1) “Responsible for” in the “Business in Charge” column means monitoring and providing advice and suggestions concerning the operations of specific headquarters, organization, position, Core Non-Energy Business Company or person in a designated position according to its managerial importance, effect on business management and other factors.
- 2) Directors Hideo Miyahara, Kazutoshi Murao, Tatsuo Kijima and Yumiko Sato are outside directors as specified in Article 2, Item 15 of the Companies Act.
- 3) Audit & Supervisory Board Members Yoko Kimura, Eiji Hatta and Shigemi Sasaki are outside audit & supervisory board members as specified in Article 2, Item 16 of the Companies Act.
- 4) All of the outside Directors and outside Audit & Supervisory Board Members have been notified as independent officers pursuant to the provisions prescribed by each stock exchange where the shares of the Company are listed.
- 5) There are no special relationships between the entities set out in the column “Significant Concurrent Positions” for each outside Director/outside Audit & Supervisory Board Member and the Company.
- 6) Directors Fumitoshi Takeguchi and Yumiko Sato were newly appointed at the 203rd Annual Meeting of

Shareholders held on June 25, 2021, and assumed their respective offices on the same day.

- 7) In the column of “Significant Concurrent Positions,” “Director of Asahi Broadcasting Group Holdings Corporation” for Director Takehiro Honjo, “Director of West Japan Railway Company” for Director Hideo Miyahara, and “Director of Keihan Holdings Co., Ltd.” for Director Kazutoshi Murao, are all outside director positions. “Audit & Supervisory Board Member of Sumitomo Electric Industries, Ltd.” for Director Tatsuo Kijima is an outside auditor position.
- 8) Changes in the “Significant Concurrent Positions” during the fiscal year under review:

Director Takehiro Honjo assumed the office of Chairperson of The Japan Gas Association as of April 1, 2021.

Director Takehiro Honjo assumed the position of Director of Asahi Broadcasting Group Holdings Corporation as of June 23, 2021.

Director Tatsuo Kijima retired as Director of West Japan Railway Company and assumed the position of Advisor of the company as of June 23, 2021.

Director Tatsuo Kijima assumed the position of Audit & Supervisory Board Member of Sumitomo Electric Industries, Ltd. as of June 25, 2021.

Director Yumiko Sato retired as Professor of Faculty of Regional Development Studies, Otemon Gakuin University as of March 31, 2022.

Audit & Supervisory Board Member Eiji Hatta retired as President of Japan High School Baseball Federation as of December 1, 2021.

Audit & Supervisory Board Member Shigemi Sasaki assumed the office of Head of Kinki Branch of Japan Bar Association as of May 1, 2021 and also assumed the office of Governor of the association as of June 5, 2021.

- 9) Changes in the “Business in Charge” of Directors after the end of the fiscal year under review:
As of April 1, 2022, Directors’ businesses they are in charge of were as follows.

Position	Name	Business in Charge
Chairman and Director	Takehiro Honjo	
Representative Director and President Executive President	Masataka Fujiwara	
Representative Director Executive Vice-President	Tadashi Miyagawa	Head of Technology Head of Carbon Neutral Promotion In charge of: Tokyo Branch Responsible for: LNG, Power & Engineering Business Unit and Innovation Headquarters Osaka Gas Chemicals Co., Ltd.
Representative Director Executive Vice-President	Takeshi Matsui	Head of ESG Promotion President of Corporate Planning Headquarters Responsible for: Energy Resources & International Business Unit OGIS-RI Co., Ltd.
Representative Director Executive Vice-President	Takayuki Tasaka	In charge of: Overall Representative Responsible for: Energy Solution Business Unit Secretariat, Corporate Communication Dept., Human Resources Dept., General Affairs Dept. and Purchasing Dept. Osaka Gas Urban Development Co., Ltd.
Director Senior Executive Officer	Fumitoshi Takeguchi	In charge of: Secretariat, Corporate Communication Dept., Human Resources Dept., General Affairs Dept., Purchasing Dept. and Auditing Dept.
Director	Hideo Miyahara	
Director	Kazutoshi Murao	
Director	Tatsuo Kijima	
Director	Yumiko Sato	

- 10) Changes in the “Significant Concurrent Positions” after the end of the fiscal year under review:
Director Tadashi Miyagawa retired as Director of OGIS-RI Co., Ltd. as of April 1, 2022.
Director Takeshi Matsui assumed the position of Director of OGIS-RI Co., Ltd. as of April 1, 2022.

2. Indemnity Agreement

The Company has concluded indemnity agreements with the Directors and Audit & Supervisory Board Members listed in “II. 1. Details of Directors and Audit & Supervisory Board Members” above for the purpose of indemnifying them for the costs set forth in Article 430-2, Paragraph 1, Item 1 of the Companies Act and the losses set forth in Item 2 of the same Paragraph to the extent permitted by laws and regulations.

In order to ensure that the said indemnity agreement does not impair the appropriateness of the execution of duties by officers, the Company mainly stipulates the following matters in the said indemnity agreement.

- The maximum amount of indemnification per event
- Indemnification will not apply to costs or losses incurred as a result of duties executed while being aware that they violate laws and regulations
- A portion of the losses shall be borne by the officer himself/herself

3. Directors and Officers Liability Insurance Contract

In January 2022, the Company concluded an insurance contract with an insurance company to cover damages, etc. (compensation for statutory damages, litigation costs, etc.) incurred by the insured as a result of claims for damages against them, with the Company and its Directors, Audit & Supervisory Board Members, executive officers, employees in middle management^{*1} and officers dispatched to external entities^{*2} as the insured^{*3}.

*1 Important employees such as heads of basic organizations who are appointed by the resolution of the Board of Directors.

*2 Persons who hold the position of director, executive officer, audit & supervisory board member, or accounting advisor under the Companies Act (including positions that are considered equivalent to these positions) at an external corporation as per the Company’s instructions, etc.

*3 Includes persons who resigned or retired from the insured position on or after January 25, 1992, and persons who were newly appointed to the insured position during the insurance period.

In order to ensure that the said insurance contract does not impair the appropriateness of the execution of duties by the insured, the Company mainly stipulates the following matters in the said insurance contract.

- The total limit of insurance claims during the insurance period
- Insurance claims will not cover damages caused by illegal acceptance of personal benefits or provision of convenience, criminal conducts, etc.
- A portion of the damage shall be borne by the insured himself/herself

Insurance premiums under the insurance contract are fully borne by the Company.

4. Outside Officers

(1) Principal Activities

The principal activities of outside officers are shown in the table below.

The Company expects outside Directors to participate in decision-making as members of the Board of Directors, and to monitor and supervise the execution of duties by executive Directors from an independent position based on their experience, knowledge and other assets. They appropriately fulfill their roles by attending and making comments at meetings of the Board of Directors and the voluntarily appointed advisory committee.

Position	Name	Attendance and Comments
Director	Hideo Miyahara	Hideo Miyahara attended 11 out of 13 meetings of the Board of Directors. He made comments as appropriate based on his considerable experience and extensive knowledge in organizational management and from his independent position as an outside Director.
Director	Kazutoshi Murao	Kazutoshi Murao attended 12 out of the 13 meetings of the Board of Directors. He made comments as appropriate based on his considerable experience and extensive knowledge in corporate and organizational management and from his independent position as an outside Director.
Director	Tatsuo Kijima	Tatsuo Kijima attended 13 out of the 13 meetings of the Board of Directors. He made comments as appropriate based on his considerable experience and extensive knowledge in corporate and organizational management and from his independent position as an outside Director.
Director	Yumiko Sato	Yumiko Sato attended 11 out of the 11 meetings of the Board of Directors held after she assumed the office of Director of the Company on June 25, 2021. She made comments as appropriate based on her deep insight in life and culture and from her independent position as an outside Director.
Audit & Supervisory Board Member	Yoko Kimura	Yoko Kimura attended 12 out of 13 meetings of the Board of Directors and attended 13 out of 14 meetings of the Audit & Supervisory Board. She made comments as appropriate based on her considerable experience and extensive knowledge in organizational management and from her independent position as an outside Audit & Supervisory Board Member.
Audit & Supervisory Board Member	Eiji Hatta	Eiji Hatta attended 13 out of 13 meetings of the Board of Directors and attended 14 out of 14 meetings of the Audit & Supervisory Board. He made comments as appropriate based on his considerable experience and extensive knowledge in organizational management and from his independent position as an outside Audit & Supervisory Board Member.
Audit & Supervisory Board Member	Shigemi Sasaki	Shigemi Sasaki attended 13 out of 13 meetings of the Board of Directors and 14 out of 14 meetings of the Audit & Supervisory Board. He made comments as appropriate based on his considerable experience and specialized knowledge as a legal professional and from his independent position as an outside Audit & Supervisory Board Member.

(2) Summary of Agreement Limiting Liability

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act and the Company's Articles of Incorporation, the Company has an agreement with each of the outside Directors and outside Audit & Supervisory Board Members to limit the liability for damages under Article 423, Paragraph 1 of the Companies Act to the minimum liability amount provided for in laws and regulations.

5. Remuneration for Directors and Audit & Supervisory Board Members

(1) Decision Policies on Content of Remuneration, etc. for Each Individual Director

The Company has established a policy on determining the content of remuneration, etc. for each individual Director (hereinafter the “Policy on Determining Remuneration”) as prescribed by the resolution of the Board of Directors after deliberation at a voluntarily appointed advisory committee made up of a majority of the outside Directors. This policy is summarized in the table* below.

* By resolution of the Board of Directors meeting held on December 23, 2021, changes have been made to add the underlined portion of the table below. The amended policy will be applied from July 2023 onward for the compensation to be paid based on the results of the fiscal year ending March 31, 2023.

Policy on Determining Remuneration
<p>Basic Approach</p> <p>Remuneration for Directors shall be provided in a remuneration system designed to raise motivation for Directors to achieve sustainable growth and mid- to long-term increase in corporate value. Remuneration for Directors other than outside Directors shall consist of basic remuneration as fixed remuneration, performance-linked remuneration and stock-based remuneration, and remuneration for outside Directors shall only consist of basic remuneration as fixed remuneration, as they have a standpoint independent of business execution.</p> <p>Remuneration for Directors shall be determined within the total amount of remuneration approved at the Annual Meeting of Shareholders, after deliberation at a voluntarily appointed advisory committee made up of a majority of the outside Directors, from the perspective of ensuring objectivity and seeking transparency in the decision-making process.</p>
<p>Basic Remuneration</p> <p>Basic remuneration shall be monetary remuneration paid on a monthly basis. The amount shall be determined in accordance with the rules prescribed by the resolution of the Board of Directors, while considering such factors as each Director’s position and responsibilities, public standards, and other factors.</p>
<p>Performance-linked Remuneration</p> <p>Performance-linked remuneration shall be monetary remuneration paid on a monthly basis. The amount shall be determined using the profit attributable to owners of parent for the past three years and <u>the coefficient of ESG indicators achievement in the previous year</u> as the main indicator to encourage contribution to short-term and mid- to long-term increases in corporate value.</p>
<p>Stock-based Remuneration</p> <p>Restricted stock shall be granted at a certain time every year for the purpose of strengthening the linkage between remuneration and mid- to long-term increase in corporate value and further promoting sharing of value with the shareholders. The number of shares to be granted shall be determined with consideration for the positions and responsibilities of each Director and stock prices, etc.</p>
<p>Ratio by Type of Remuneration</p> <p>For Directors other than outside Directors, the standard ratio of basic remuneration, performance-linked remuneration, and stock-based remuneration should be 5:4:1. Remuneration for outside Directors shall fully consist of basic remuneration.</p>
<p>Procedures for Determining Remuneration</p>

The content of remuneration for each individual Director shall be made in accordance with the rules prescribed by the resolution of the Board of Directors, and, after deliberation at the voluntarily appointed advisory committee, shall be determined by the resolution of the Board of Directors. However, the content of monetary remuneration may be determined by the Representative Director and President based on delegation of authority by the resolution of the Board of Directors.

(2) Resolution of the Annual Meeting of Shareholders on Remuneration, etc. of Directors

The amount of monthly monetary remuneration for Directors (including outside Directors) was resolved at the 203rd Annual Meeting of Shareholders held on June 25, 2021 to be up to ¥57 million.

In addition, at the same Annual Meeting of Shareholders, it was also resolved that the total amount of monetary remuneration to be paid to Directors (excluding outside Directors) for granting restricted stock shall not exceed ¥72 million per year (¥6 million per month) and that the total number of common shares of the Company to be issued or disposed of by the Company in exchange for the contribution of monetary remuneration claims shall not exceed 48 thousand shares per year.

As of the end of the said Annual Meeting of Shareholders, the number of Directors who are eligible for the monthly monetary remuneration was ten (including four outside Directors) and the number of Directors who are eligible for stock-based remuneration was six.

(3) Delegation, etc. of Decision of Content of Remuneration, etc. for Each Individual Director

Of the remuneration paid to each Director during the fiscal year under review, the amount of monthly monetary remuneration and the timing and method of payment, among other factors, were determined by Representative Director and President Masataka Fujiwara based on delegation of authority by a resolution of the Board of Directors. The Company has delegated the above authority to the Representative Director and President, as the position is considered to be the best suited to determine the contents of remuneration, taking into account the status of the execution of duties by each executive Director while maintaining a comprehensive view of the Company's performance.

In addition, to ensure that the authority of the Representative Director and President is exercised appropriately, the delegation of authority is conducted so that the remuneration amount, etc. for each individual Director is determined in accordance with the Policy on Determining Remuneration and the rules prescribed by the resolution of the Board of Directors, while considering such factors as each Director's position and responsibilities, public standards, and the Company's business performance, after deliberation at a voluntarily appointed advisory committee made up of a majority of the outside Directors. As the amount of remuneration, etc. for each individual Director is determined through such a procedure, the Board of Directors has judged that the content of remuneration, etc. for each individual Director for the fiscal year under review is in line with the Policy on Determining Remuneration.

(4) Resolution of the Annual Meeting of Shareholders and Decision on Remuneration, etc. for Audit & Supervisory Board Members

The amount of remuneration for Audit & Supervisory Board Members was approved at the 176th Annual Meeting of Shareholders held on June 29, 1994 to be up to ¥14 million per month. The number of Audit & Supervisory Board Members at the end of said Annual Meeting of Shareholders was five.

The amount of remuneration for each Audit & Supervisory Board Member shall be determined through discussions among Audit & Supervisory Board Members within this amount, and consisting only of fixed remuneration because they are assigned the role of auditing the execution of duties by Directors from a standpoint independent of the performance of the Company's businesses, and taking into consideration the

position, etc. of each Audit & Supervisory Board Member.

(5) Remuneration Paid to Directors and Audit & Supervisory Board Members

	Total amount of remuneration (Millions of Yen)				Number of eligible officers
		Fixed	Performance-linked	Non-monetary	
Directors (excluding outside Directors)	397	185	174	38	7
Audit & Supervisory Board Members (excluding outside Audit & Supervisory Board Members)	69	69	—	—	2
Outside Directors	44	44	—	—	4
Outside Audit & Supervisory Board Members	35	35	—	—	3

Notes:

1. The total amounts of remuneration paid to Directors, Audit & Supervisory Board Members and outside officers were ¥442 million, ¥104 million and ¥79 million, respectively.
2. The amount of remuneration and the number of Directors (excluding outside Directors) include the amount for one Director who retired at the end of the 203rd Annual Meeting of Shareholders held on June 25, 2021.
3. The amount of performance-linked remuneration is calculated mainly by multiplying the fixed remuneration by a coefficient calculated using the profit attributable to owners of parent for the past three years as the primary indicator. Results for profit attributable to owners of parent are as detailed in “I. 7. Financial Position and Profits and Losses” above. This performance indicator has been selected because the Company has judged that it will contribute to raising motivation for Directors to achieve short-term and mid- to long-term increases in corporate value.
4. The Company grants restricted stock to Directors (excluding outside Directors, hereinafter referred to as “Eligible Directors”) as non-monetary remuneration (stock-based remuneration). Based on the resolution of the Board of Directors, the Company pays monetary remuneration for the grant of restricted stock to the Eligible Directors, and the Eligible Directors receive the Company’s treasury shares in exchange for contributing all of the rights to receive monetary remuneration in kind. The restricted transfer period is the period from the date of receipt of allotment of shares to the date of retirement. The restriction on transfer will be lifted upon expiration of the restricted transfer period, provided that the retirement of the Eligible Director is due to reasons, etc., that the Company deems justifiable. The specific timing and allocation of payments to Eligible Directors are determined by the Board of Directors, and the number of shares allocated to Eligible Directors during the fiscal year under review is as described in “III. 3. Status of shares delivered to officers of the Company as compensation for the performance of the duties during the fiscal year under review” below.

III. Shares (as of March 31, 2022)

1. Number of Shares Issued and Number of Shareholders

Number of Authorized Shares	700,000,000 shares
Number of Shares Issued and Outstanding*	416,680,000 shares
Number of Shareholders	96,004

*1,036,697 treasury shares are included.

2. Principal Shareholders

Shareholders	Number of shares held (1,000 shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	66,210	15.93
Custody Bank of Japan, Ltd. (trust account)	21,659	5.21
Nippon Life Insurance Company	15,394	3.70
MUFG Bank, Ltd.	11,188	2.69
Resona Bank, Limited	10,555	2.54
STATE STREET BANK WEST CLIENT-TREATY 505234	7,996	1.92
Aioi Nissay Dowa Insurance Co., Ltd.	5,973	1.44
Meiji Yasuda Life Insurance Company	5,838	1.40
JP MORGAN CHASE BANK 385781	5,078	1.22
Osaka Gas Employees Shareholding Association	5,013	1.21

Note: The number of treasury shares is excluded from the “Number of Shares Issued and Outstanding” in calculating the shareholding ratios.

3. Status of shares delivered to officers of the Company as compensation for the performance of the duties during the fiscal year under review

Officers	Number of shares	Number of officers
Directors (excluding outside Directors)	18,300 shares	6

Note: The Company disposed of 45,900 shares of its treasury stock on July 20, 2021 as stock-based compensation to the above six Directors and sixteen Executive Officers who do not concurrently serve as Directors.

IV. Accounting Auditor

1. Name of Accounting Auditor

KPMG AZSA LLC

2. Remuneration, etc., for Accounting Auditor

(1) Amount of Fees and Other Charges Payable to the Accounting Auditor for the Fiscal Year under Review

	Fees for audit and attestation services (Millions of Yen)	Fees for non-audit services (Millions of Yen)
The Company	101*	67
The Company's subsidiaries	138	18
Total	239	85

*As the audit fees under the Companies Act and those under the Financial Instruments and Exchange Act are not separated for the purpose of the audit contract executed between the Company and the accounting auditor and are impractical to separate, the amount specified above is the total amount of audit fees payable under both Acts.

(2) Reason for the Audit & Supervisory Board's Consent for Remuneration, etc., for the Accounting Auditor

The Audit & Supervisory Board considered such items as the accounting auditor's audit plans, the status of the accounting auditor pursuing its duties and the basis of estimates for remuneration. As a result, the Audit & Supervisory Board judged that the remuneration, etc., for the accounting auditor was appropriate and provided consent as stipulated in Article 399, Paragraph 1 of the Companies Act.

3. Non-Audit Services

The Company entrusted duties such as the provision of professional advice on accounting and tax affairs relating to reorganization (absorption-type company split) to the accounting auditor and paid consideration therefor.

4. Policy on Decision of Dismissal or Non-Reappointment of Accounting Auditor

In the event that the accounting auditor falls under any of the items of Article 340, Paragraph 1 of the Companies Act, the Company's Audit & Supervisory Board will dismiss the accounting auditor upon the unanimous agreement of all Audit & Supervisory Board Members. In addition, in the event that the accounting auditor's proper performance of its duties is found to be difficult based on the Audit & Supervisory Board's comprehensive evaluation of the accounting auditor in terms of qualifications, expertise and independence, the Audit & Supervisory Board will determine the content of a proposal regarding the dismissal or non-reappointment of the accounting auditor to be submitted to the shareholders' meeting.

V. Systems to Ensure the Properness of Operations

I. Description of Internal Control Systems

The Company establishes systems (internal control systems) to ensure that Directors of the Company execute the duties in compliance with the laws and regulations and the Articles of Incorporation and other systems necessary to ensure the properness of the Group's operations at meeting of the Board of Directors, and such systems are briefly described below.

1. Systems to ensure that the execution of the duties complies with the laws and regulations and the Articles of Incorporation

- (1) Directors and employees of the Group shall sufficiently acquire and investigate information as the basis to execute the duties and through accurate understanding of the facts, make reasonable decisions in accordance with regulations on responsibilities and authorities.
- (2) For the Board of Directors to make appropriate decisions and enhance its supervisory role, executive Directors shall retain independent outside officers. In addition, the executive officer system shall be adopted to enhance the Board of Directors' supervisory role and ensure efficiency in the execution of duties.
- (3) Executive Directors shall hold management meetings to provide information to the President and the Board of Directors to assist in the decision-making process and discuss strategies and important matters concerning its management of the business.
- (4) Executive Directors shall establish the "Daigas Group Code of Business Conduct" based on "Daigas Group Charter of Business Conduct." By familiarizing the Directors and employees with the Code, executive Directors shall not only ensure the performance of duties in compliance with applicable laws and regulations and the Articles of Incorporation within the Group but also promote business activities in a fair and appropriate manner, which includes contributing to the preservation of the environment, promoting social contribution activities and dissociating from antisocial forces.
- (5) Executive Directors shall make efforts to understand the status concerning compliance within the Group and promote compliance practices by establishing a consulting and reporting system as an internal reporting system and an ESG committee.
- (6) If any problems are discovered regarding compliance, Directors and employees of the Group are required to consult with or report to an executive Director or other superior, or report the matter via the consulting and reporting system depending on the level of seriousness or urgency. Executive Directors, General Manager of the General Affairs Dept. or other superiors shall investigate details of such matter and take necessary remedial measures.

2. System concerning the maintenance and the management of information on execution of duties

- (1) Executive Directors and employees of the Group shall prepare minutes of the meetings of the Board of Directors, approval documents or other similar documents specifying matters including matters affecting decisions and the process by which a decision was reached, in accordance with regulations on

responsibilities and authorities.

- (2) Executive Directors and employees of the Group shall properly store and manage the minutes of the meetings of the Board of Directors, approval documents or other information on execution of duties according to its nature.

3. Regulations and other systems to manage the risk of losses

- (1) Executive Directors of the Group shall take all possible steps to ensure the safety and stability of gas supplies in gas businesses by establishing safety regulations on matters concerning the construction, maintenance and operation of production and supply facilities, and by promoting the improvement of the production and supply systems.
- (2) Executive Directors of the Group and organizational heads of the Company (managers of basic organizations of the Company) shall take measures to prevent the occurrence of risks and minimize losses in the case of occurrence, and manage the risk of losses for each category of risk (risks due to external factors, internal factors, transactions with outside parties or other factors).
- (3) The risk of losses shall be managed at the level of each basic organization and each affiliated company, and the managers of the basic organizations shall promote the management of the risk of losses and regularly confirm its effectiveness.
- (4) The emergencies that might have a material impact on the management of the Group shall be addressed according to the regulations on disaster and accident countermeasures and business contingency plans.

4. Systems to ensure the efficient execution of duties

- (1) Executive Directors of the Group and organizational heads of the Company shall determine matters concerning the division of duties and decision-making within the Company and the Group in accordance with regulations on responsibilities and authorities. They shall also provide regulations regarding details of organizations and general matters to be observed during the execution of duties. By familiarizing employees with such regulations, they shall ensure the smooth management of organizations and the improvement of quality and efficiency of operations.
- (2) With the aim of maximizing corporate value, executive Directors of the Group and organizational heads of the Company shall establish medium-term business plans and annual plans for the Company and the Group, monitor its attainment by means of performance indicators and focus on achieving these plans.

5. Other systems to ensure the properness of business operations

In addition to the above, executive Directors shall take the following measures and make efforts to ensure proper operations.

- (1) Companies to play a central role in each business area of the Group (Core Non-Energy Business Companies and Overseas Regional Headquarters) or basic organizations to supervise affiliated companies (management support organizations) shall be designated to be responsible for day-to-day management of affiliated companies.
- (2) Compliance with applicable laws and regulations and the Articles of Incorporation, the efficiency and other similar matters of the Group as a whole shall be audited internally by the head of the Auditing Department. If necessary, in light of the results of such audit, remedial measures shall be taken promptly.
- (3) Internal control procedures shall be maintained, operated and evaluated in relation to financial reporting to ensure its credibility.

6. Matters concerning employees assisting Audit & Supervisory Board Members in the performance of their duties

- (1) Executive Directors, if requested by the Audit & Supervisory Board Members, shall appoint employees to assist the Audit & Supervisory Board Members in the performance of their duties and establish an Audit & Supervisory Board Members' office staffed by these Audit & Supervisory Board Members' assistants.
- (2) Audit & Supervisory Board Members' assistants shall be engaged solely in assisting the Audit & Supervisory Board Members in the performance of their duties.

7. Matters concerning independence of Audit & Supervisory Board Members' assistants from Directors

- (1) Executive Directors cannot direct or give orders to Audit & Supervisory Board Members' assistants except where such directions or orders apply equally to all employees.
- (2) The opinions of the Audit & Supervisory Board Members regarding the evaluation, transfer, etc., of Audit & Supervisory Board Members' assistants shall be sought in advance and respected.

8. Systems for reporting to the Audit & Supervisory Board Members

- (1) Directors shall report immediately to the Audit & Supervisory Board Members if a matter that is significantly detrimental to the Company is discovered.
- (2) Directors and employees of the Group or auditors of the affiliated companies shall report without delay matters that have a material impact on the business of the Group, the results of internal audits, the situation regarding the main reports under the consulting and reporting system and other important matters to the Audit & Supervisory Board Members.
- (3) Directors of the Group and employees of the Company shall report without delay when requested by the Audit & Supervisory Board Members to report on matters concerning the execution of duties.
- (4) Executive Directors and other supervisors of the Group shall not disadvantageously treat any person who reports to the Audit & Supervisory Board Members according to the preceding items for the reason that

such report was made.

9. Other systems to ensure effective auditing by the Audit & Supervisory Board Members

- (1) The Audit & Supervisory Board Members may exchange opinions periodically with the Representative Directors and the accounting auditor.
- (2) The Audit & Supervisory Board Members may attend management meetings and all company committee meetings. They may investigate as appropriate material information concerning the execution of duties, such as approval documents.
- (3) Executive Directors shall ensure the Company provides the expenses or liabilities necessary for the execution of the duties of the Audit & Supervisory Board Members.

10. Confirmation of operation status, etc.

- (1) Executive Directors shall periodically confirm and assess the status of the operation of the internal control system and report the results to the Board of Directors.
- (2) Executive Directors shall take necessary measures by taking into consideration the assessment results of internal control system and other situations.

II. Operating Status of the Internal Control Systems

The Company confirms the operating status of the internal control systems on a periodic basis by identifying items to confirm for various matters and receiving reports from the organizational heads and other persons concerned. At the meeting of the Board of Directors held on April 26, 2022, it was reported that the internal control systems were operating in a proper manner.

The operating status of the internal control systems during the fiscal year under review is described in the following.

(1) Matters concerning compliance, etc.

The ESG Committee promotes initiatives in each sector through the “Compliance and Risk Management Subcommittee,” “Environment Subcommittee,” and “Social Contribution Subcommittee.”

Educational materials, including a guide to the “Daigas Group Code of Business Conduct,” are posted on the intranet at all times to familiarize Directors and employees of the Group with said Code to promote and ensure its understanding.

The consultation and reporting system has been revised in light of the Partial Amendment of the Whistleblower Protection Act (Act No. 51, 2020) that will go into effect on June 1, 2022. Effective April 1, 2022, the number of affiliated companies with whistleblower hotlines have been expanded, and measures have been taken to ensure the independence of whistleblowing processes involving management.

(2) Matters concerning risk management, etc.

Organizational heads of the Company and presidents of the affiliated companies promote the management of the risk of losses and periodically conduct risk management assessments. Each basic organization or

affiliated company identifies risk items, checks the status of management concerning the risk items and conducts follow-ups or other measures by using such means as the “G-RIMS (Gas Group Risk Management System),” which systematizes the self-assessment of risk management practices.

In light of the spread of COVID-19 at home and abroad, we set up a task force and confirm the status of the Group’s responses, while taking measures to prevent infections, as necessary.

Regarding the management of risks concerning security and disaster prevention which are common to the Group, the organization in charge is clearly specified, and the organization supports each basic organization and affiliated company to ensure risk management on a Group-wide basis.

In addition, effective April 1, 2022, we established a Security and Disaster Prevention Committee to coordinate and promote cross-organizational measures related to safety and disaster prevention within the Group, and are taking all possible measures to ensure safety and disaster prevention after the transfer of the general gas pipeline service business to our wholly owned subsidiary, Osaka Gas Network.

To prepare for emergencies, regulations for disaster countermeasure and business continuity plans are prepared. We also carry out company-wide disaster-prevention drills, which consist of earthquake drills and BCP exercises. During the fiscal year under review, in addition to drills assuming disasters occurred amid the COVID-19 pandemic, we confirmed measures, etc., to ensure the smooth operation of the task force meeting after the succession of the general gas pipeline service business, etc.

The Cyber Security Committee has been established to further strengthen measures against attacks from outside the Group’s network such as by carrying out periodic inspections and following up on the Group’s security.

(3) Matters concerning the management of businesses in the Group

The affiliated companies to be managed by the Core Non-Energy Business Companies, the Overseas Regional Headquarters, or the management support organizations are designated, and their managerial tasks are monitored by receiving regular reports and reports on important issues from the affiliated companies. In addition, day-to-day management of those affiliated companies is performed by using the G-RIMS and/or conducting audits.

The Company’s Auditing Department, which conducts internal audits, implements planned internal audits of the Company’s organizations and the affiliated companies and provides follow-up after a certain period of time.

(4) Matters concerning the effectiveness of audits by Audit & Supervisory Board Members

Full-time Audit & Supervisory Board Members have periodic exchanges of opinion with the Director and Chairman, the Representative Director and President and the accounting auditor, in which Outside Audit & Supervisory Board Members also participate as necessary. Partly through the opportunity to exchange opinions with the accounting auditor, Audit & Supervisory Board Members evaluate the qualifications, expertise and independence of the accounting auditor.

Full-time Audit & Supervisory Board Members attend important meetings such as the Management Meeting, the ESG Promotion Meeting, the Investment Evaluation Committee, etc., and read approval documents and other important documents. Through a Board of Directors’ resolution on the internal control systems, they also clarify important matters to be reported to Audit & Supervisory Board Members and disseminate information.

Four assistants to Audit & Supervisory Board Members are in place to engage solely in assisting Audit & Supervisory Board Members in the performance of their duties.

Consolidated Balance Sheet (As of March 31, 2022)

(Millions of Yen)

Assets		Liabilities	
Non-current assets	1,880,434	Non-current liabilities	887,156
Property, plant and equipment	1,156,281	Bonds payable	364,998
Production facilities	91,154	Long-term borrowings	350,502
Distribution facilities	275,032	Deferred tax liabilities	47,298
Service and maintenance facilities	46,121	Provision for gas holder repairs	1,171
Other facilities	605,057	Provision for safety measures	6,651
Construction in progress	138,915	Provision for gas appliance warranties	4,983
Intangible assets	95,251	Retirement benefit liability	18,853
Investments and other assets	628,901	Other	92,698
Investment securities	359,225	Current liabilities	398,529
Long-term loans receivable	27,698	Current portion of non-current liabilities	73,648
Retirement benefit asset	118,693	Notes and accounts payable – trade	104,935
Deferred tax assets	64,481	Other	219,944
Other	59,534	Total liabilities	1,285,686
Allowance for doubtful accounts	(731)	Net assets	
Current assets	689,384	Shareholders' equity	1,115,073
Cash and deposits	131,089	Share capital	132,166
Notes and accounts receivable – trade, and contract assets	208,851	Capital surplus	19,071
Lease receivables and investment in leases	59,047	Retained earnings	965,951
Inventories	145,445	Treasury shares	(2,115)
Other	145,589	Accumulated other comprehensive income	144,586
Allowance for doubtful accounts	(639)	Valuation difference on available-for-sale securities	67,905
		Deferred gains or losses on hedges	(15,313)
		Revaluation reserve for land	(737)
		Foreign currency translation adjustment	39,108
		Remeasurements of defined benefit plans	53,624
		Non-controlling interests	24,472
		Total net assets	1,284,132
Total assets	2,569,819	Total liabilities and net assets	2,569,819

Consolidated Statement of Income (April 1, 2021 to March 31, 2022)

(Millions of Yen)

Account	Amount
Net sales	1,586,879
Cost of sales	1,161,850
[Gross profit]	[425,028]
Selling, general and administrative expenses	330,123
[Operating profit]	[94,905]
Non-operating income	34,002
Interest income	2,017
Dividend income	3,179
Share of profit of entities accounted for using equity method	12,841
Miscellaneous income	15,963
Non-operating expenses	18,443
Loss on valuation of investment securities	2,484
Interest expenses	10,400
Miscellaneous expenses	5,558
[Ordinary profit]	[110,464]
Extraordinary income	23,825
Gain on sale of investment securities in subsidiaries and associates	17,773
Insurance claim income	6,052
Extraordinary losses	18,349
Impairment losses	16,013
Loss on tax purpose reduction entry of non-current assets	2,335
[Profit before income taxes]	[115,941]
Income taxes – current	24,220
Income taxes – deferred	(41,948)
[Profit]	[133,670]
Profit attributable to non-controlling interests	5,413
Profit attributable to owners of parent	128,256

Non-Consolidated Balance Sheet (As of March 31, 2022)

(Millions of Yen)

Assets		Liabilities	
Non-current assets	1,361,812	Non-current liabilities	592,118
Property, plant and equipment	426,076	Bonds payable	364,998
Production facilities	90,338	Long-term borrowings	195,059
Distribution facilities	275,313	Long-term debt to subsidiaries and associates	6,338
Service and maintenance facilities	45,299	Deferred tax liabilities	5,098
Facilities for incidental businesses	4,653	Provision for retirement benefits	2,053
Construction in progress	10,470	Provision for gas holder repairs	1,127
Intangible assets	44,792	Provision for safety measures	6,651
Patent right	1	Provision for gas appliance warranties	4,983
Leasehold interests in land	3,075	Other non-current liabilities	5,807
Other intangible assets	41,715	Current liabilities	312,173
Investments and other assets	890,943	Current portion of non-current liabilities	57,938
Investment securities	88,058	Accounts payable – trade	46,132
Investments in subsidiaries and associates	535,924	Accounts payable – other	21,283
Long-term loans receivable from subsidiaries and associates	207,278	Accrued expenses	46,688
Investments in capital	21	Income taxes payable	6,472
Long-term prepaid expenses	6,646	Advances received	9,007
Prepaid pension costs	43,542	Deposits received	5,725
Other investments and other assets	9,731	Short-term debt to subsidiaries and associates	109,666
Allowance for doubtful accounts	(260)	Other current liabilities	9,257
		Total liabilities	904,292
Current assets	401,982	Net assets	
Cash and deposits	63,311	Shareholders' equity	820,291
Notes receivable – trade	234	Share capital	132,166
Accounts receivable – trade	126,581	Capital surplus	19,497
Accounts receivable from subsidiaries and associates – trade	19,696	Legal capital surplus	19,482
Accounts receivable – other	11,681	Other capital surplus	14
Finished goods	61	Retained earnings	670,742
Raw materials	52,432	Legal retained earnings	33,041
Supplies	14,060	Other retained earnings	
Advance payments	2,097	Reserve for reduction entry of specified replaced properties	241
Short-term receivables from subsidiaries and associates	89,309	Reserve for overseas investment loss	9,738
Other current assets	22,822	Reserve for investment promotion taxation	217
Allowance for doubtful accounts	(306)	Reserve for adjustment of cost fluctuations	89,000
		General reserve	62,000
		Retained earnings brought forward	476,503
		Treasury shares	(2,115)
		Treasury shares	(2,115)
		Valuation and translation adjustments	39,211
		Valuation difference on available-for-sale securities	45,602
		Deferred gains or losses on hedges	(6,391)
		Total net assets	859,502
Total assets	1,763,794	Total liabilities and net assets	1,763,794

Non-Consolidated Statement of Income (April 1, 2021 to March 31, 2022)

(Millions of Yen)

Costs and Expenses		Revenue	
Cost of sales	377,887	Sales from gas business	619,977
Beginning inventories	56	Gas sales	578,838
Cost of products manufactured	384,771	Gas transportation service revenue	39,342
Costs of gas for own use	6,879	Revenue from interoperator settlement	1,023
Ending inventories	61	Revenue from contract manufacturing	772
[Gross profit]	[242,090]		
Supply and sales expenses	204,950		
General and administrative expenses	51,013		
[Loss on core business]	[(13,873)]		
Miscellaneous operating expenses	89,793	Miscellaneous operating revenue	105,305
Installation work expenses	20,362	Revenue from installation work	20,981
Other miscellaneous operating expenses	69,431	Other miscellaneous operating revenue	84,323
Expenses for incidental businesses	468,457	Revenue from incidental businesses	476,992
[Operating profit]	[10,172]		
Non-operating expenses	10,484	Non-operating income	60,453
Interest expenses	3,586	Interest income	1,677
Interest on bonds	3,190	Interest on securities	54
Amortization of bond issuance costs	177	Dividend income	1,895
Loss on valuation of investment securities of subsidiaries and associates	1,499	Dividends from subsidiaries and associates	40,735
Miscellaneous expenses	2,030	Miscellaneous income	16,091
[Ordinary profit]	[60,141]		
[Profit before income taxes]	[60,141]		
Income taxes – current	4,600		
Income taxes – deferred	(1,233)		
[Profit]	[56,775]		
Total	1,262,728	Total	1,262,728

Independent Auditor's Report

May 13, 2022

To the Board of Directors of Osaka Gas Co., Ltd.:

KPMG AZSA LLC
Osaka Office, Japan

Daisuke Harada
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Masatsugu Ohashi
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Shoichiro Shigeta
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity and the related notes of Osaka Gas Co., Ltd. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), as at March 31, 2022 and for the year from April 1, 2021 to March 31, 2022 in accordance with Article 444-4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional

judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company and its subsidiaries

which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act for the conveniences of the reader.

Independent Auditor's Report

May 13, 2022

To the Board of Directors of Osaka Gas., Ltd.:

KPMG AZSA LLC
Osaka Office, Japan

Daisuke Harada
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Masatsugu Ohashi
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Shoichiro Shigeta
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the financial statements, which comprise the balance sheet, the statement of income, the statement of changes in equity and the related notes, and the supplementary schedules (“the financial statements and the supplementary schedules”) of Osaka Gas Co., Ltd. (“the Company”) as at March 31, 2022 and for the year from April 1, 2021 to March 31, 2022 in accordance with Article 436-2-1 of the Companies Act.

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and the Supplementary Schedules* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the financial statements and the supplementary schedules does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements and the supplementary schedules, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the supplementary schedules or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Financial Statements and the Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and the Supplementary Schedules

Our objectives are to obtain reasonable assurance about whether the financial statements and the supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the supplementary schedules.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements and the supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the supplementary schedules, including the disclosures, and whether the financial statements and the supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

Audit Report

The Audit & Supervisory Board prepared this Audit & Supervisory Board's Report upon deliberation based on reports by each Audit & Supervisory Board Member regarding the execution by the Directors of their duties for the 204th fiscal year from April 1, 2021 to March 31, 2022. We report as follows:

1. Method and details of the audit by the Audit & Supervisory Board Members and the Audit & Supervisory Board

- (1) The Audit & Supervisory Board has established an audit policy, an audit plan and other matters and has received reports from each Audit & Supervisory Board Member on the status of implementation and the results of the audit.

In addition, the Audit & Supervisory Board has received reports from Directors and the accounting auditor on the execution of their duties and requested explanations as necessary.

- (2) Each Audit & Supervisory Board Member has communicated with Directors, the internal auditing division and other employees in conformity with the auditing standards established by the Audit & Supervisory Board and pursuant to the audit policy, the audit plan and other matters. The audit has been implemented based on the following method.

(i) We have attended meetings of the Board of Directors and other important meetings and have interviewed Directors, employees and others as needed in respect of the status of execution of their duties. Furthermore, we have inspected important documents in respect of the authorization of corporate actions and inspected the operations and the assets of the Company at its head office and principal business offices. With regard to subsidiaries, we have communicated with Directors, Audit & Supervisory Board Members and others of the subsidiaries, and visited them as necessary in order to inspect their operations and assets.

(ii) Regarding the content as outlined in the business report of a resolution of the Board of Directors concerning the establishment of systems to ensure that Directors execute their duties in compliance with the laws and regulations and the Articles of Incorporation and other systems necessary to ensure the properness of operations of the group of enterprises consisting of stock company and its subsidiaries as provided for in Article 100, paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act and the system (internal control system) established based on such resolution, we have received regular reports from Directors, employees and others on the status of the development and operation of such system, requested explanations as necessary and expressed our opinion thereon.

(iii) We have investigated whether the accounting auditor maintains its independency and conducts appropriate audits and received reports from the accounting auditor on the performance of its duties and requested explanations as necessary. Furthermore, we have received a notice from the accounting auditor that the "system to ensure that duties are properly performed" (stipulated in each item of Article 131 of the Corporate Accounting Ordinance) is established in accordance with the "Quality Management Standards concerning the Audit" (Financial Services Agency, Business Accounting Council) and other standards and requested explanations as necessary.

Based on the above method, we have examined the business report, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated income statement, non-consolidated statement of changes in equity and notes to non-consolidated financial statements) and their supporting schedules and the consolidated financial statements (consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity and notes to consolidated financial statements) for the fiscal year under review.

2. Results of the audit

(1) Results of the audit of the business report, etc.

- (i) The business report and its supporting schedules give a fair and proper account of the Company's business in accordance with applicable laws and regulations and the Articles of Incorporation.
- (ii) No misconduct or material facts that are in breach of applicable laws and regulations or the Articles of Incorporation have been detected in respect of the execution by Directors of their duties.
- (iii) The content of the resolution of the Board of Directors concerning the internal control system is fair and proper. In addition, there is no matter of concern regarding the contents of the business report and the execution by Directors of their duties in respect of the internal control system.

(2) Results of the audit of the non-consolidated financial statements and their supporting schedules

Methods used by KPMG AZSA LLC as the accounting auditor for this audit, and the results thereof, are fair and proper.

(3) Results of the audit of the consolidated financial statements

Methods used by KPMG AZSA LLC as the accounting auditor for this audit, and the results thereof, are fair and proper.

May 24, 2022

OSAKA GAS CO., LTD., Audit & Supervisory Board

Toshimasa Fujiwara	Full-Time Audit & Supervisory Board Member
Hisaichi Yoneyama	Full-Time Audit & Supervisory Board Member
Yoko Kimura	Outside Audit & Supervisory Board Member
Eiji Hatta	Outside Audit & Supervisory Board Member
Shigemi Sasaki	Outside Audit & Supervisory Board Member

(References)

Sustainability Initiatives

Through its business activities, the Group aims to achieve sustainable economic growth and resolve social issues by addressing recent climate change issues, human rights issues, and the Sustainable Development Goals (SDGs).

To realize this goal, we are accelerating ESG-conscious management by identifying material issues (Materiality) that should be prioritized by the Group, setting key performance indicators (KPIs), and conducting management based on them, taking into consideration the significant impact of sustainability on corporate performance, etc., and the significant impact of the company on the environment and society.

For more information on the Group's sustainability initiatives, please refer to our Sustainability website or our Integrated Report*.

(*) In October 2021, we published the Integrated Report 2021 by integrating the Annual Report and the CSR Report, which were previously issued separately, and provided information including an overview of our Group, management vision, financial condition, and initiatives related to ESG management. The report is enhanced with financial and non-financial information on the Group's low-carbon/decarbonization efforts and DX initiatives, based on the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD).

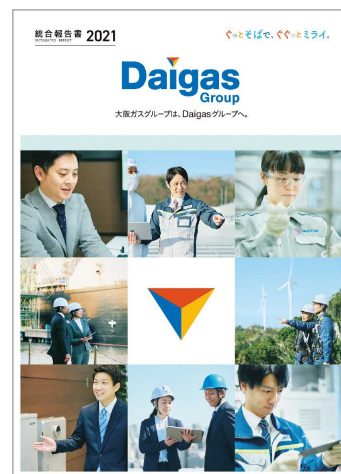
[Sustainability website]

<https://www.daigasgroup.com/en/sustainability/>



[Integrated Report]

<https://www.osakagas.co.jp/en/ir/library/ar/>



INTEGRATED REPORT 2021

Shareholder Message Board

1. Information on the account transfer system for dividend payments

Dividends can be received via a designated account. Once an account for dividend payment has been designated, dividends will be automatically transferred to the designated account on the payment start date. We highly recommend our shareholders to complete procedures for the account transfer as it helps avoid the risk of losing dividend receipts or forgetting to receive payment, and ensures safe and prompt receipt of dividends. For more information on procedures for account transfer, please contact your securities company or other account management institution.

Shareholders may select one of the following methods of account transfer.

- (1) Transfer to a bank savings account
- (2) Receipt through the “registered dividend receipt account method”
(i.e., to receive dividends for all issues held by the shareholder in a single savings account designated by the shareholder)
- (3) Receipt through the “share number pro-rata distribution method”
(i.e., to receive dividends in proportion to the number of shares held via respective securities company or other account management institution that manages the shareholder’s shares)

Notes: 1. Those who hold shares in a special account (including other issues) may not select method (3).
2. Method (3) must be selected to exempt dividends and the like for stocks held in NISA accounts from taxation.
3. A JAPAN POST BANK account may be designated as the transfer account for methods (1) and (2).
4. Even after the payment period indicated on the dividend receipt has expired, dividends can be received through Sumitomo Mitsui Trust Bank, Limited within ten years from the payment start date.

2. System for electronic provision of materials for Shareholders’ Meeting

The system for electronic provision of materials for Shareholders’ Meeting (reference documents for the Shareholders’ Meeting, business report, etc.) to be introduced upon the revision of the Companies Act is a system under which materials for Shareholders’ Meeting can be provided to shareholders by posting them on the company’s website and notifying shareholders in writing of the website address and other relevant information. The introduction of this system is mandatory for listed companies. The Company plans to adopt the system for electronic provision starting with the 205th Annual Meeting of Shareholders to be held in June 2023, and will send shareholders a convocation notice, etc., that includes information on how to access the website.

After the introduction of the system for electronic provision, shareholders who wish to continue to obtain printed copies of materials of the Shareholders’ Meeting must submit a “Request for Delivery of Documents” by the record date of the meeting (March 31).

“Request for Delivery of Documents” and its procedures are scheduled to become available from September 1, 2022. Please contact your securities company or other account management institution or shareholder registry administrator after that date.

- Notes: 1. Fees may be charged for a series of procedures.
2. “Request for Delivery of Documents” may expire after a certain period of time.

For more information on the system for electronic provision, please access below.

<https://www.smtb.jp/personal/procedure/agency/kaisyahou> (Japanese only)

3. Information on request for buyback or additional purchase of shares less than one unit

A share trading unit is the unit of shares traded on stock exchanges, and any fractional shares less than one unit (less than 100 shares) cannot be traded on stock exchanges. To request buyback or additional purchase of fractional shares, please use the systems described below (they are free of charge).

<Buyback request system>

System under which shareholders may sell fractional shares back to the Company at market value

<Additional purchase request system>

System under which shareholders may purchase fractional shares from the Company at market value to bring the total number of fractional shares up to one trading unit so that the shareholder can sell the shares on stock exchanges

- Notes: 1. Systems to request buyback/additional purchase of fractional shares may be used for shares in special accounts without the need to transfer them to another account at securities company or other account management institution. Special account refers to the account at Sumitomo Mitsui Trust Bank, Limited set up by the Company to protect the rights of shareholders who have not deposited their share certificates with securities companies or other account management institutions by the time of the dematerialization of share certificates.
2. The Company does not charge any fees for the systems to request buyback/additional purchase of fractional shares, however securities companies and other account management institutions may have set fees.

For further information on the above procedures, please contact:	<p>[Regarding 1 and 3 above]</p> <p>Shares in accounts at a securities company, etc.: Your securities company or other account management institutions</p> <p>Shares in special accounts: Stock Transfer Agency Business Planning Department of Sumitomo Mitsui Trust Bank, Limited (Toll free: 0120-782-031) (Hours: 9:00 a.m. to 5:00 p.m. except on Saturdays, Sundays, and national holidays)</p>
	<p>[Regarding 2 above]</p> <p>Your securities company or other account management institution, or Stock Transfer Agency Business Planning Department of Sumitomo Mitsui Trust Bank, Limited (Toll free: 0120-533-600) (Hours: 9:00 a.m. to 5:00 p.m. except on Saturdays, Sundays, and national holidays)</p>

Shareholder Memo

Fiscal year: From April 1 to March 31 of the following year

Record date: March 31 for Annual Meeting of Shareholders, March 31 for year-end dividend, September 30 for interim dividend

Month of Annual Meeting of Shareholders: June

Administrator of shareholder registry and special account management institution:

Sumitomo Mitsui Trust Bank, Limited

<Contact>

Stock Transfer Agency Business Planning Department of Sumitomo Mitsui Trust Bank, Limited

Toll free: 0120-782-031

(Hours: 9:00 a.m. to 5:00 p.m. except on Saturdays, Sundays, and national holidays)

Method of public notice:

Electronic public notice (Address for public notices: <https://www.osakagas.co.jp/index.html>)

If electronic public notices cannot be used due to an accident or other unavoidable reason, public notices will be posted in the Nihon Keizai Shimbun.

MEMO

Other Notice Regarding Measures against the Novel Coronavirus Infectious Disease (COVID-19)

In order to prevent the spread of COVID-19, shareholders who attend the meeting are requested to take precautions against infection, such as wearing masks, after confirming the prevalence of the infectious disease on the day of the meeting, the details requested by the government, and their own physical condition.

We will carry out temperature checks and other prevention measures at the venue of the Meeting. Please understand that you may be asked to refrain from entering the venue if you have any symptoms such as fever or cough, etc.

We ask for your understanding and cooperation in this matter.

We no longer distribute souvenirs to the attending shareholders. We would appreciate your understanding.